

## Summary of Consolidated Financial Results for the First Quarter ended June 30, 2008

30, July 2008

### Sojitz Corporation

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

Listed stock exchange: The first sections of Tokyo and Osaka

Securities Code: 2768

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(Rounded down to millions of Japanese Yen)

### 1. Consolidated Financial Results for the First Quarter Ended June 30, 2008 and 2007

#### (1) Operating Results (Consolidated)

Description of % is indicated as the change rate compared with the same period last year.

	Net Sales		Operating Income		Recurring Profit		Net Income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
For the first quarter ended June 30, 2008	1,407,178	-	23,550	-	28,519	-	16,301	-
June 30, 2007	1,377,294	12.2	21,874	23.1	28,370	30.4	27,068	44.6

	EPS	Adjusted EPS
	Yen	Yen
For the first quarter ended June 30, 2008	13.21	13.13
June 30, 2007	24.12	23.40

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

	Total Assets	Total Net Assets	Equity Ratio	Net Assets per Share
	Millions of Yen	Millions of Yen	%	Yen
As of June 30, 2008	2,615,804	493,049	17.2	362.47
March 31, 2008	2,669,352	520,327	17.8	383.46

Notes: (Millions of Yen)

Shareholders' Equity

As of June 30, 2008: 450,122

As of March 31, 2008: 476,031

### 2. Cash Dividends

	Cash Divided per Share(Yen)				
	First Quarter	Second Quarter	Third Quarter	Year-end	Annual
For the year ended	Yen	Yen	Yen	Yen	Yen
March 31, 2008	-	3.50	-	4.50	8.00
March 31, 2009	-	-	-	-	-
March 31, 2009 (expected)	-	4.50	-	4.50	9.00

Note. 1. Change in Cash Dividends in the First Period : No

2. The above "Cash Dividends" refers to common stock. For details on the payment of dividends for other (unlisted) classified stocks that have rights different from those of common stock issued by the Company, please refer to "Dividends on Preferred Shares" (page 3).

### 3. Consolidated Earnings Forecast for the Year Ending March 31, 2009 (April 1, 2008-March 31, 2009)

	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, 2009									
Interim	2,800,000	-	41,000	-	41,000	-	25,000	-	20.26
Full year	5,800,000	0.5	95,000	2.9	100,000	(1.5)	60,000	(4.3)	48.62

Note. Changes in consolidated earnings forecast for the fiscal year ending March 31, 2009 : No

#### 4.Others

- (1) Changes in major subsidiaries during the fiscal year (changes in specified subsidiaries accompanying changes in scope of consolidation). :No
- (2) Use of simplified accounting procedure :Yes
- (3) Changes in accounting policy, procedures or method of presentation for preparing quarterly consolidated financial statements
  1. Changes due to amendment of accounting standards : Yes
  2. Change due to other reasons : No
- (4) Number of outstanding shares at the end of the period (Common Stock):
  1. Number of outstanding shares at the end of the period (Include treasury shares ):

As of June 30, 2008: 1,233,852,443	As of March 31, 2008: 1,233,852,443
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  2. Number of treasury shares at the end of the period:

As of June 30, 2008: 295,513	As of March 31, 2008: 290,099
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  3. Average number of outstanding shares during period:

For the 1st Quarter ended March 31, 2009: 1,233,559,873	For the 1st Quarter ended March 31, 2008: 1,122,108,479
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#### \* Important Note Concerning the Appropriate Use of Business Forecast

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.

### 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 Dividends per Share				
	First Quarter	Second Quarter	Third Quarter	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
FY2007					
1st Series Class III		7.50		7.50	15.00
1st Series Class IV	-	-	-	-	0.00
1st Series Class V	-	-	-	-	0.00 )
FY2008					
1st Series Class III	-				
FY2008 (expected)					
1st Series Class III		7.50	-	-	15.00
				7.50	

# Consolidated Statements of Income for the First Quarter Ended June 30, 2008

Millions of Yen

	First Quarter (From April 1, 2008 To June 30, 2008)
<b>Net sales</b>	1,407,178
Cost of sales	(1,338,711)
<b>Gross trading profit</b>	68,466
Selling, general and administrative expenses	(44,916)
<b>Operating income</b>	23,550
Interest income	3,035
Dividends	2,250
Equity in earnings of unconsolidated subsidiaries and affiliates	6,678
Other income	3,356
<b>Non-operating income</b>	15,321
Interest expense	(7,331)
Interest expense on commercial papers	(74)
Other expenses	(2,946)
<b>Non-operating expense</b>	(10,352)
<b>Recurring profit</b>	28,519
Extraordinary income	
Gain on sale and disposal of properties	18
Gain on sale of investment securities	447
Gain on change in equity	9
Reversal of allowance for doubtful accounts	340
Gain on bad debt recovered	45
<b>Total extraordinary income</b>	862
Extraordinary loss	
Loss on sale and disposal of properties	(42)
Impairment losses on fixed assets	(26)
Loss on sale of investment securities	(12)
Loss on devaluation of securities	(216)
Loss, and provision for loss, on dissolution of subsidiaries and affiliates	(1,397)
Loss on valuation of inventories	(5,421)
<b>Total extraordinary loss</b>	(7,117)
Income before income taxes and minority interests	22,264
Income taxes-current	(5,375)
Income taxes-deferred	911
<b>Total income taxes</b>	4,463
Minority interests in income	(1,499)
<b>Net income</b>	16,301

**Consolidated Statements of Income**  
**for the First Quarter Ended June 30, 2008 (Continued)**

(Ref.) For the First Quarter Ended June 30, 2007	(Millions of Yen) First Quarter (From April 1, 2007 To June 30, 2007)
<b>Net sales</b>	1,377,294
Cost of sales	(1,312,108)
<b>Gross trading profit</b>	65,186
 Selling, general and administrative expenses	 (43,311)
<b>Operating income</b>	21,874
 Interest income	 3,856
Dividends	1,740
Equity in earnings of unconsolidated subsidiaries and affiliates	7,793
Gain on sale of securities	16
Other income	4,312
Non-operating income	17,719
 Interest expense	 (8,882)
Interest expense on commercial papers	(23)
Other expenses	(2,318)
Non-operating expense	(11,223)
<b>Recurring profit</b>	28,370
 <b>Extraordinary income/(loss)-net</b>	 6,421
<b>Income before income taxes and minority interest</b>	34,791
 Income taxes-Current	 (5,273)
Income taxes-Deferred	(1,113)
Minority interests	(1,335)
<b>Net Income</b>	27,068

**Consolidated Balance Sheets**  
**As of June 30, 2008**

(Millions of Yen)

	As of June 30, 2008	As of March 31, 2008
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	362,851	380,195
Notes and accounts receivable—trade	648,759	691,492
Short-term investment securities	8,090	9,180
Inventories	438,775	422,158
Short-term loans receivable	12,747	11,609
Deferred tax assets	19,953	19,179
Other	167,525	156,000
Allowance for doubtful accounts	(12,518)	(13,869)
<b>Total current assets</b>	<b>1,646,185</b>	<b>1,675,946</b>
<b>Noncurrent assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures	103,366	112,168
Accumulated depreciation	(47,162)	(48,638)
Machinery, equipment and vehicles	171,604	180,726
Accumulated depreciation	(79,310)	(83,943)
Land	53,362	56,393
Construction in progress	6,373	7,139
Other	13,255	19,649
Accumulated depreciation	(9,919)	(11,476)
<b>Total property, plant and equipment</b>	<b>211,569</b>	<b>232,018</b>
<b>Intangible assets</b>		
Goodwill	64,501	65,466
Other	73,300	67,876
<b>Total intangible assets</b>	<b>137,802</b>	<b>133,343</b>
<b>Investments and other assets</b>		
Investment securities	484,102	480,993
Long-term loans receivable	33,874	36,961
Bad debts	105,825	109,440
Deferred tax assets	20,014	31,053
Other	43,520	44,400
Allowance for doubtful accounts	(69,447)	(77,335)
<b>Total investments and other assets</b>	<b>617,889</b>	<b>625,514</b>
<b>Total noncurrent assets</b>	<b>967,261</b>	<b>990,875</b>
<b>Deferred assets</b>	2,357	2,529
<b>Total assets</b>	<b>2,615,804</b>	<b>2,669,352</b>

**Consolidated Balance Sheets**  
**As of June 30, 2008**

(Millions of Yen)

	As of June 30, 2008	As of March 31, 2008
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	531,734	578,995
Short-term loans payable	478,695	497,208
Commercial papers	37,000	25,000
Current portion of bonds	45,050	75,100
Income taxes payable	5,460	8,246
Deferred tax liabilities	34	53
Provision for bonuses	4,206	7,686
Other	194,647	191,161
Total current liabilities	1,296,828	1,383,451
Noncurrent liabilities		
Bonds payable	171,496	141,496
Long-term loans payable	595,442	560,281
Deferred tax liabilities	14,004	16,685
Deferred tax liabilities for land revaluation	1,193	1,193
Provision for retirement benefits	17,761	19,410
Provision for directors' retirement benefits	996	958
Other	25,032	25,548
Total noncurrent liabilities	825,927	765,572
Total liabilities	2,122,755	2,149,024
<b>Net assets</b>		
Shareholders' equity		
Capital stock	160,339	160,339
Capital surplus	152,160	152,160
Retained earnings	146,306	139,264
Treasury stock	(147)	(145)
Total shareholders' equity	458,659	451,619
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	73,976	60,280
Deferred gains or losses on hedges	(678)	1,345
Revaluation reserve for land	(2,530)	(2,530)
Foreign currency translation adjustment	(79,305)	(34,684)
Total valuation and translation adjustments	(8,536)	24,412
Minority interests	42,927	44,296
Total net assets	493,049	520,327
<b>Total liabilities and net assets</b>	<b>2,615,804</b>	<b>2,669,352</b>

## Segment Information for the First Quarter Ended June 30, 2008

### Industry Segments

The industry segment information for the first quarter ended June 30, 2008 and preceding first quarter is as follows:

**For the first quarter ended June 30, 2008**

(Millions of yen)

	Machinery & Aerospace	Energy & Mineral Resources	Chemicals & Plastics	Real Estate Development & Forest Products	Consumer Lifestyle Business
Net sales					
Outside customers	280,970	442,333	175,284	70,094	326,439
Inter-segment	6,452	1,095	12,790	256	3,587
Total	287,423	443,429	188,075	70,350	330,026
Operating income (loss)	5,844	8,663	7,599	(142)	358

	Overseas Subsidiaries	Other	Total	Elimination & Unallocated	Consolidated
Net sales					
Outside customers	86,734	25,321	1,407,178	-	1,407,178
Inter-segment	85,596	3,072	112,851	(112,851)	-
Total	172,331	28,393	1,520,029	(112,851)	1,407,178
Operating income (loss)	640	(74)	22,888	661	23,550

Notes:

Unallocated costs and expenses no included in "Elimination and Unallocated" .



**Segment Information**  
**for the First Quarter Ended June 30, 2008 (Continued)**

**Industry Segments**

The industry segment information for the first quarter ended June 30, 2007 as follows:

**(Ref.)For the first quarter ended June 30, 2007**

(Millions of yen)

	Machinery & Aerospace	Energy & Mineral Resources	Chemicals & Plastics	Real Estate Development & Forest Products	Consumer Lifestyle Business
Net sales					
Outside customers	294,898	356,291	171,461	80,793	297,922
Inter-segment	3,726	1,721	13,811	293	3,997
Total	298,625	358,012	185,272	81,086	301,920
Operating income	6,500	5,057	7,499	1,800	(145)

	Overseas Subsidiaries	Other	Total	Elimination and Unallocated	Consolidated
Net sales					
Outside customers	148,005	27,921	1,377,294	-	1,377,294
Inter-segment	76,356	2,351	102,258	(102,258)	-
Total	224,362	30,273	1,479,552	(102,258)	1,377,294
Operating income	488	233	21,434	440	21,874

Notes:

Unallocated costs and expenses included in "Elimination and Unallocated" totaled 14million yen and comprised mainly administrative group expenses applicable to Sojitz Corporation.

## **Business Results**

### **Analysis of business results**

#### **1. Overview of first quarter of fiscal 2008**

##### **Economic environment**

During the first quarter of fiscal 2008, the year ending March 31, 2009, the economic slowdown in the United States continued to have an adverse impact on the global economy. Although the trend of the weakening U.S. dollar has now eased, inflation has risen sharply right across the board, due to steep rises in international prices for minerals and energy resources as well as market prices for foods. While domestic demand is expanding not only in nations that consume resources, but also in resource-rich nations, concern regarding inflation has arisen, and dealing with this issue has become a challenge. One factor that is believed to be behind soaring prices for various resources is the flow of investment and speculative funds, which are abundant in the market.

In the Americas, the United States has still not emerged from the impact of the subprime loan problem and the Federal Funds interest rate has been kept at a low level. However, although some hold the view that this is a factor behind the weakening of the dollar and the steep rise in resource prices, it has become difficult to adopt measures to control inflation by raising interest rates. In Central and South America, domestic demand was robust primarily in resource-rich Brazil, but the impact of the economic slowdown in the United States, the major trading partner, was significant.

In Europe, the Eurozone economy was generally strong and did not appear to be severely influenced by the U.S. economic slowdown. However, as in the case of other countries, wariness regarding inflation stemming from the steep rise in resource prices has been increasing.

In Asia as well, dealing with the trend of inflation is an issue that is common to each country. Moreover, the region is simultaneously facing the problem of a slowdown in exports, which had supported buoyant economies, and the problem of income in resource-poor nations flowing out of the country because of the rapid rise in resource prices.

In India, there was no sign of a substantial change in capital inflows from other countries, but at the domestic level, the government implemented measures to ease the financial burden associated with inflation, including the deregulation of energy prices.

In China, internal demand remained strong and GDP also continued to show high growth. However, the government continued to carry out monetary tightening.

In the Middle East and Africa, resource-producing countries continued to enjoy vibrant economic conditions, as soaring prices for resources, especially crude oil, also contributed to the expansion of domestic demand. Meanwhile caution regarding prices of commodities has become necessary.

The Japanese economy saw a pickup supported by a recovery in domestic demand and growth in exports to emerging nations. Nevertheless, the economy is now experiencing a striking rise in prices of both producer goods and consumer goods, and daily necessities such as foods are also in an inflationary trend. Furthermore, owing to a slowdown in exports, production activity in the manufacturing sector has entered an adjustment phase. In this environment, domestic firms mainly in the manufacturing sector have started to curb their capital investments amid signs of household budgets cutting back on consumer spending.

As outlined above, although the future outlook for the global economy is uncertain, the Sojitz Group sees this as an opportunity to create new value. Accordingly, we will continue to anticipate market and economic changes and deepen our endeavors related to changes in the industrial structures of emerging nations associated with steep rises in resource prices and domestic demand growth, as well as areas where new demand is produced as a result of those changes.

### **Financial Performance**

Business results for Sojitz Corporation and its consolidated subsidiaries in the first quarter of fiscal 2008 are presented below.

#### **Net sales**

In the first quarter of fiscal 2008, consolidated net sales amounted to ¥1,407,178 million, an increase of 2.2% from the previous fiscal year. Sales grew in the Energy & Mineral Resources Division and the Consumer Lifestyle Business Division as a result of continuing high resource prices and food prices.

#### **Gross trading profit**

Consolidated gross trading profit amounted to ¥68,466 million, a rise of 5.0% from the previous fiscal year. Despite a decline in profits in the condominium business reflecting slump in real estate market, the Energy & Mineral Resources Division performed strongly and the overseas fertilizer business also registered a favorable performance.

#### **Operating income**

Consolidated operating income rose 7.7% year on year to ¥23,550 million. This reflected the rise in gross trading profit, which outweighed an increase in 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 0.5% to ¥28,519 million. Although equity in earnings of unconsolidated subsidiaries and affiliates decreased because of the sale of an agricultural chemical-related company, operating income rose and interest expenses declined due to an improvement in Sojitz's credit rating.

#### **Extraordinary gains and losses**

Extraordinary gains totaled ¥862 million, including gains on the sale of investment securities (¥447 million). Extraordinary losses totaled ¥7,117 million, including devaluation losses associated with a change in accounting standards relating to inventories (¥5,421 million), resulting in a net extraordinary loss of ¥6,255 million.

#### **Net income**

As a result of these and other factors, income before income taxes and minority interests for the first quarter of the fiscal year was ¥22,264 million. After accounting for income taxes (¥5,375 million), deferred income taxes (¥911 million), and minority interests in consolidated subsidiaries (¥1,499 million), Sojitz Corporation posted net income for quarter of ¥16,301 million, a decline of 39.8% from the previous fiscal year.

Results by business segment are shown below.

### **Machinery & Aerospace**

Segment net sales amounted to ¥280,970 million, a decline of 4.7% from the previous fiscal year. Although automobile-related sales were robust and sales also grew in the information and industrial machinery business, these factors were outweighed by a decline in sales in the aircraft business. Although operating income was boosted by an increase in gross trading profit, it fell 10.1% from the previous fiscal year to ¥5,844 million,

partly reflecting the temporary impact of restriction on importing completely built-up vehicles to Venezuela in the automotive business.

### **Energy & Mineral Resources**

Reflecting continuing high resource prices, segment net sales amounted to ¥442,333 million, an increase of 24.1% from the previous fiscal year. Operating income also rose 71.3% to ¥8,663 million mainly due to an increase in gross trading profit driven by the strong performance of the coal and mineral resources businesses.

### **Chemicals & Plastics**

Segment net sales totaled ¥175,284 million, a rise of 2.2% from the previous fiscal year, driven by growth in overseas fertilizer sales. Operating income also grew 1.3% to ¥7,599 million on the back of an increase in gross trading profit stemming from the strong performance of the overseas fertilizer business.

### **Real Estate Development & Forest Products**

Segment net sales declined 13.2% from the previous fiscal year to ¥70,094 million, mainly due to a drop in plywood prices, but profitability continued to improve in the plywood business. However, owing to deteriorating profitability in the domestic condominium business, the segment reported an operating loss of ¥142 million.

### **Consumer Lifestyle Business**

Primarily reflecting growth in foods-related business associated with rising prices, segment net sales increased 9.6% from the same period last year to ¥326,439 million. Operating income also recovered from a loss a year earlier to a profit of ¥358 million, mainly due to higher gross trading profit driven by the strong performance of foods-related business.

### **Overseas Subsidiaries**

Segment net sales totaled ¥86,734 million, falling 41.4% from the previous fiscal year. This reflected a decrease in sales stemming from a change in accounting standards, namely, the unification of accounting criteria for overseas subsidiaries. However, operating income rose 31.1% year on year to ¥640 million due to a decline in SG&A expenses.

### **Other**

Segment net sales dropped 9.3% to ¥25,321 million. The segment also reported a small operating loss of ¥74 million, reflecting slightly weak sales at IT subsidiaries.

## **2. Financial position**

### **Consolidated balance sheet**

Total assets as of June 30, 2008 were ¥2,615,804 million, a decrease of ¥53,548 million from the end of previous fiscal year, March 31, 2008. Although inventories increased by ¥16,617 million from the end of the previous fiscal year mainly due to rises in fertilizer and food prices, fixed tangible assets declined due to the collection of accounts receivable and business withdrawal based on a policy of selection and focus.

With regard to liabilities, Sojitz is working to achieve a more stable procurement structure. Specific steps included procuring new sources of long-term funding and diversifying fund procurement through the issue of straight bonds and other instruments, as evidenced by an improved current ratio and long- and short-term debt ratios. 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 public bond offerings conducted in fiscal 2007 with a bond issue totaling ¥30,000 million in June 2008. 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 fund procurement structure.

Despite the payment of dividends and a decrease associated with the change in accounting standards, shareholders' equity increased ¥7,040 million from the end of the previous fiscal year to ¥458,659 million due to a rise in net income for the first quarter of fiscal 2008. However, net assets, which includes minority interests, decreased ¥27,278 million from the end of the previous fiscal year to ¥493,049 million. Despite an increase of ¥13,696 million in net unrealized gains on available-for-sale securities in the valuation and translation adjustments section, foreign currency translation adjustment relating to companies whose fiscal year ends in December decreased by ¥44,621 million due to yen appreciation.

The net interest-bearing debt after subtracting cash and cash equivalents from the total interest-bearing debt amount increased by ¥45,942 million from the end of the previous fiscal year to ¥964,832 million, resulting in a net debt equity ratio of 2.14.

### **3. Consolidated earnings forecasts**

The assumptions behind Sojitz consolidated earnings forecasts are an exchange rate of ¥100/US\$ and a crude oil price of US\$90/BBL (Brent). In the first quarter of fiscal 2008, the yen was slightly weaker than the Company's exchange rate forecast and the crude oil price was also higher than the Company's assumption. However, from the second quarter onward, we believe it is necessary to adopt a cautious stance regarding the impact of interest rate movements and exchange rate fluctuation in the second half of the fiscal year, in particular. At present, there are no changes to either our cumulative second quarter estimates or our full-year estimates in the consolidated earnings forecasts that we announced on April 30, 2008.