

# Highlights of Consolidated Financial Results for the Second Quarter Ended September 30, 2008

October 29, 2008  
Sojitz Corporation

## Results Highlights

1. Net sales, Gross trading profit, Recurring profit and Net income were higher year on year due to steady progress  
(Figures in brackets represent year-on-year changes)

Net sales: 2,905.1 billion yen (+102.6 billion yen/+3.7%)  
-Increase in trading volume in energy and mineral resources  
-Increase in trading volume in food business  
-Decrease in Overseas segment

Gross trading profit: 143.7 billion yen (+9.4 billion yen/+7.0%)  
-Strong performance in energy and mineral resources  
-Strong performance in fertilizer overseas  
-Decrease in real estate development due to slowdown in real estate market conditions

Recurring profit: 55.5 billion yen (+2.3 billion yen/+4.3%)  
-Improvement in Net financial revenue due to improve interest expense-net and increase of dividends  
-Decrease in equity in earnings of unconsolidated subsidiaries and affiliates

Net income: 35.9 billion yen (+0.5 billion yen/+1.4%)  
-Increase in income before income taxes and minority interests

2. Set up 100 billion long-term commitment line  
'Sojitz contracted 'Revolving Credit Facilities by syndicate' due to strengthening stability of its financing structure on September 2008.

3. Forecast for fiscal 2008, ending March 31, 2009

Sojitz has revised its full-year forecast as follows

	as of April 30	as of October 29
Net sales	5,800.0 billion yen	⇒ 5,800.0 billion yen
Operating income	95.0 billion yen	⇒ 90.0 billion yen
Recurring profit	100.0 billion yen	⇒ 95.0 billion yen
Net income	60.0 billion yen	⇒ 60.0 billion yen

<Assumptions>

- Exchange rate (Yen/US\$) = 100  
- Crude oil price (US\$/BBL) = 90 (Brent)

Cash dividend per common stock for fiscal 2008 ending March 31, 2009  
Interim: 4.5 yen per share  
Year-end (expected): 4.5 yen per share

## Consolidated Statements of Income

	(Unit: Billions of yen)					Reasons for changes	Forecast FY2008	
	FY2008 2nd quarter			FY2007 2nd quarter			c	Percentage achieved a/c
	Results a	1st quarter	2nd quarter	Results b	Change a-b			
Net sales	2,905.1	1,407.2	1,497.9	2,802.5	102.6	Energy & Mineral Resources +170.4 Consumer Lifestyle +45.7 Overseas -128.3	5,800.0	50%
Gross trading profit (Gross trading profit ratio)	143.7 (4.95%)	68.5 (4.87%)	75.2 (5.02%)	134.3 (4.79%)	9.4 (0.15%)	Energy & Mineral Resources +9.7 Machinery & Aerospace +4.9 Real Estate Development & Forest Products -4.7	280.0 (4.83%)	51%
Personnel expenses	-44.0	-21.6	-22.4	-42.5	-1.5			
Non-personnel expenses	-40.5	-19.5	-21.0	-38.7	-1.8			
Depreciation expenses	-2.8	-1.3	-1.5	-3.7	0.9			
(Subtotal)	(-87.3)	(-42.4)	(-44.9)	(-84.9)	(-2.4)			
Allowance for doubtful receivables and write-offs	-3.8	-1.2	-2.6	-1.2	-2.6			
Goodwill amortization	-2.6	-1.3	-1.3	-2.5	-0.1			
(Selling, general and administrative expenses)	(-93.7)	(-44.9)	(-48.8)	(-88.6)	(-5.1)		-190.0	49%
Operating income (Operating income ratio)	50.0 1.72%	23.6 1.68%	26.4 1.76%	45.7 1.63%	4.3		90 (1.55%)	56%
Interest income	5.7	3.0	2.7	7.3	-1.6			
Interest expense	-14.6	-7.4	-7.2	-17.1	2.5			
(Interest expense-net)	(-8.9)	(-4.4)	(-4.5)	(-9.8)	(0.9)			
Dividends	4.2	2.2	2.0	2.4	1.8			
(Net financial revenue)	(-4.7)	(-2.2)	(-2.5)	(-7.4)	(2.7)	Decrease (-1.8) due to nickel manufacturing company performance and decrease (-1.6) due to sale of an agricultural-chemical-related company		
Equity in earnings of unconsolidated subsidiaries and affiliates	11.8	6.7	5.1	16.6	(-4.8)			
Other income-expenses net (Others-net)	-1.6 (5.5)	0.4 (4.9)	-2.0 (0.6)	-1.7 (7.5)	0.1 (-2.0)		5.0	-
Recurring profit	55.5	28.5	27.0	53.2	2.3		95.0	58%
Gain on sale of fixed assets	4.3	0.0	4.3			Gain on sale of oil and gas		
Gain on sale of investment securities	4.4	0.5	3.9			Gain on sale of subsidiaries and listed overseas securities		
Gain on reversal of allowance for doubtful accounts	0.9	0.3	0.6					
Gain on bad debt recovered	0.1	0.1	0.0					
Gain on dissolution of subsidiaries and affiliates	1.2	-	1.2					
(Extraordinary income)	(10.9)	(0.9)	(10.0)	(10.2)	(0.7)			
Loss on sale and disposal of properties	-0.3	-0.1	-0.2					
Impairment losses on fixed assets	-2.1	0.0	-2.1					
Loss on revaluation of investment securities	-2.2	-0.2	-2.0					
Loss, and provision for loss on dissolution of subsidiaries and affiliates	-3.2	-1.4	-1.8					
Restructuring loss	-0.1	-	-0.1					
Loss on valuation of inventories (Extraordinary losses)	(-5.4) (-13.3)	-5.4 (-7.1)	-	-	-	Loss on valuation of inventories (condominiums, etc.) due to changes in accounting standards at beginning of this period		
(Extraordinary income/losses-net)	(-2.4)	(-6.2)	(3.8)	(-1.0)	(-1.4)		-5.0	-
Income before income taxes and minority interests	53.1	22.3	30.8	52.2	0.9		90.0	59%
Income taxes: Current	-13.0	-5.4	-7.6	-10.0	-3.0			
Deferred	-0.3	0.9	-1.2	-3.9	3.6			
Minority interests	-3.9	-1.5	-2.4	-2.9	-1.0			
Net income	35.9	16.3	19.6	35.4	0.5		60.0	60%
Core earnings	60.9	29.3	31.6	56.1	4.8			

### NOTES

#### 1. Core earnings

Core earnings = Operating income (Before allowance for doubtful receivables and write-offs) + Interest expense-net + Dividends received + Equity in earnings of unconsolidated subsidiaries and affiliates

#### 2. Forward-looking Statements

This document contains forward-looking statements regarding the Company's business plans and initiatives based on information available to management at the time of disclosure. Accordingly, such statements contain inherent risks and uncertainties. Readers are advised that actual results may differ from forward-looking statements due to a wide variety of factors, including, but not limited to, changes in economic conditions in key markets in Japan and overseas and exchange rates. The Company will provide timely disclosure of any material changes or related issues.

## Consolidated Balance Sheets and Principal Management Indices

	(Unit: Billions of yen)			Reasons for changes
	Sep. 30	Mar. 31	Change d-e	
	2008 d	2008 e		
<b>Current assets</b>	<b>1,770.2</b>	<b>1,676.0</b>	<b>94.2</b>	
Cash and deposits	416.6	380.2	36.4	
Trade notes and trade accounts receivable	710.1	691.5	18.6	Increase due to higher sales for oil and mineral resources
Securities	6.7	9.2	-2.5	
Inventories	452.0	422.2	29.8	Increase due to higher volumes for fertilizer and oil
Short-term loans receivable	13.1	11.6	1.5	
Deferred tax assets-current	21.4	19.2	2.2	
Other current assets	164.1	156.0	8.1	
Allowance for doubtful receivables	-13.8	-13.9	0.1	
<b>Fixed assets</b>	<b>968.2</b>	<b>990.9</b>	<b>-22.7</b>	
Tangible assets	223.3	232.0	-8.7	
Goodwill	63.7	65.5	-1.8	
Other intangible assets	79.1	67.9	11.2	Increase due to oil concessions, etc.
Investment securities	452.9	481.0	-28.1	Decrease due to decline of stock market
Long-term loans receivable	33.1	37.0	-3.9	
Non-performing receivables	103.2	109.4	-6.2	
Deferred tax assets-non-current	37.1	31.0	6.1	
Others	45.8	44.4	1.4	
Allowance for doubtful receivables	-70.0	-77.3	7.3	
<b>Deferred assets</b>	<b>2.1</b>	<b>2.5</b>	<b>-0.4</b>	
<b>Total assets</b>	<b>2,740.5</b>	<b>2,669.4</b>	<b>71.1</b>	
<b>Liabilities</b>	<b>1,294.4</b>	<b>1,383.5</b>	<b>-89.1</b>	
Trade notes and trade accounts payable	601.4	579.0	22.4	Increase due to higher sales of fertilizer and oil
Short-term loans payable	387.9	497.2	(-109.3)	Decrease due to shift to long-term funding
Commercial paper	36.0	25.0	11.0	
Bonds with redemption in one year	26.4	75.1	-48.7	
Other current liabilities	242.7	207.2	35.5	
<b>Non-current liabilities</b>	<b>945.7</b>	<b>765.6</b>	<b>180.1</b>	
Bonds, less current portion	165.1	141.5	23.6	Increase due to issuance of bonds (+40.0), 1-year-rule (-16.4)
Long-term loans payable	717.7	560.3	157.4	Increase due to shift to long-term funding
Allowance for retirement benefits	17.2	19.4	-2.2	
Other non-current liabilities	45.7	44.4	1.3	
<b>Total liabilities</b>	<b>2,240.1</b>	<b>2,149.1</b>	<b>91.0</b>	
Common and preferred shares	160.3	160.3	-	
Capital surplus	152.2	152.2	-	
Retained earnings	165.7	139.2	26.5	Net income (+35.9); payment of dividends (-5.6) Effect from changes in accounting standards (-3.7)
Treasury stock	-0.1	-0.1	0.0	
(Total shareholders' equity)	(478.1)	(451.6)	(-26.5)	
Net unrealized gains on available-for-sale securities	44.2	60.3	(-16.1)	Decrease due to decline of stock market
Loss (gain) on deferred hedges	-2.1	1.3	-3.4	
Land revaluation difference	-2.5	-2.5	-	
Foreign currency translation adjustments	-62.1	-34.7	(-27.4)	Translation adjustments at overseas subsidiaries (with Dec. 31 fiscal year) resulting from the yen's appreciation
(Total valuation and translation adjustments)	(-22.5)	(24.4)	(-46.9)	
Minority interests	44.8	44.3	0.5	
<b>Total net assets</b>	<b>500.4</b>	<b>520.3</b>	<b>-19.9</b>	
<b>Total liabilities and net assets</b>	<b>2,740.5</b>	<b>2,669.4</b>	<b>71.1</b>	
Gross interest-bearing debt	1,333.1	1,299.1	34.0	
Net interest-bearing debt	916.5	918.9	-2.4	
Net debt/equity ratio (Times)	* 2.01	* 1.93	0.08	The denominator for the net debt/equity ratio and the numerator of the shareholders' equity ratio have been calculated after excluding
Shareholders' equity ratio	* 16.6%	* 17.8%	-1.2%	

Gross interest-bearing debt	1,333.1	1,299.1	34.0
Net interest-bearing debt	916.5	918.9	-2.4
Net debt/equity ratio (Times)	* 2.01	* 1.93	0.08
Shareholders' equity ratio	* 16.6%	* 17.8%	-1.2%

## Highlights of Consolidated Financial Results for the Second Quarter Ended September 30, 2008 Supplementary Materials (1) -Gross Trading Profit and Recurring Profit (by Industry Segment)-

October 29, 2008  
Sojitz Corporation

(Unit: Billions of yen)

	Gross Trading Profit				Recurring Profit			
	Apr to Sep, 2008	Apr to Sep, 2007	Change	Main factors for change	Apr to Sep, 2008	Apr to Sep, 2007	Change	Main factors for change
	Results	Results			Results	Results		
<b>Machinery &amp; Aerospace</b>	39.1	34.2	4.9	- Automobiles: increase (+4.2) as a net result of strong performance in the Central and South America region and the Russia and NIS region, and higher transaction volume at Sojitz Corporation in the Middle East. - Information and Industrial Machinery: increase (+2.0) due to growth in plant-related equipment transactions. - Ships: increase (+1.3) due to overall growth in ship-owning business and marine-related equipment transactions. - Aircraft: decrease (-1.3) due to reduced sales in Boeing-related transaction.	12.9	10.6	2.3	- Automobiles: increase as a net result of strong performance in the Central and South America region and the Russia and NIS region, and higher transaction volume at Sojitz Corporation in the Middle East. - Information and Industrial Machinery: increase due to growth in plant-related equipment transactions. - Ships: increase due to overall growth in ship-owning business and marine-related equipment transactions. - Aircraft: decrease due to reduced sales in Boeing-related transaction.
<b>Energy &amp; Mineral Resources</b>	29.8	20.1	9.7	- Overall increase due to soaring market prices: Oil and Gas (+5.8) Coal (+3.7) Mineral Resources (+1.1)	24.9	19.0	5.9	-Overall increase due to high market prices, despite decrease of investment profit on equity method due to a drop in nickel prices.
<b>Chemicals &amp; Plastics</b>	32.0	28.4	3.6	- Fertilizer: increase (+6.2) due to strong sales. - Methanol: decrease (-1.9) due to a reduction in sales volume during scheduled plant maintenance work although market prices were high.	13.8	10.7	3.1	- Increase in gross trading profit.
<b>Real Estate Development &amp; Forest Products</b>	4.3	9.0	(4.7)	- Real Estate Development: significantly decrease (-6.3) mainly due to the worsening of the real estate market. - Forest Products: increase (+1.6) reflecting improved gross profit margin mainly due to the restructuring and consolidation of subsidiaries.	(6.4)	0.2	(6.6)	- Real Estate Development: decrease in gross trading profit. - Forest Products: increase in gross trading profit.
<b>Consumer Lifestyle Business</b>	16.1	18.8	(2.7)	- Textiles: decrease (-3.7) due to the withdrawal from businesses accompanying the restructuring of the textiles business. - Foods: increase (+1.0) due to soaring market prices of wheat and other grains.	(3.9)	0.4	(4.3)	- Textiles: decrease due to the withdrawal from businesses accompanying the restructuring of the textiles business.
<b>Overseas Subsidiaries</b>	13.2	13.9	(0.7)	- Americas: decrease (-0.7) due to the appreciation of the yen despite steady transaction volumes in businesses related to machinery and mineral resources.	5.9	6.6	(0.7)	- Decrease in gross trading profit, primarily in the Americas.
<b>Other</b>	9.2	9.9	(0.7)	- Decrease (-0.4) due to the withdrawal from some businesses by IT Business Group.	8.3	5.7	2.6	- Increase due to gains on foreign currency translations, primarily in corporate divisions.
<b>Total</b>	143.7	134.3	9.4		55.5	53.2	2.3	

# Highlights of Consolidated Financial Results for the Second Quarter Ended September 30, 2008

## Supplementary Materials (2) -FY2008 Full-year Forecast-

October 29, 2008  
Sojitz Corporation

(Unit: Billions of yen)

**P/L**

	Interim FY2008 Results	Interim FY2007 Results	Change	FY2008 Full-year Forecast (Announced on April 30, 2008)	Percentage achieved
<b>Net Sales</b>	<b>2,905.1</b>	<b>2,802.5</b>	+102.6	<b>5,800.0</b>	50.1%
<b>Gross trading profit</b>	<b>143.7</b>	<b>134.3</b>	+9.4	<b>285.0</b>	50.4%
[Gross trading profit ratio]	[4.95%]	[4.79%]		[4.91%]	
Machinery & Aerospace	39.1	34.2	+4.9	75.0	52.1%
Energy & Mineral Resources	29.8	20.1	+9.7	48.0	62.1%
Chemicals & Plastics	32.0	28.4	+3.6	51.0	62.7%
Real Estate Development & Forest Products	4.3	9.0	(4.7)	23.5	18.3%
Consumer Lifestyle Business	16.1	18.8	(2.7)	40.0	40.3%
Overseas Subsidiaries	13.2	13.9	(0.7)	26.0	50.8%
Other	9.2	9.9	(0.7)	21.5	42.8%
<b>Selling, general and administrative expenses</b>	<b>(93.7)</b>	<b>(88.6)</b>	<b>(5.1)</b>	<b>(190.0)</b>	<b>49.3%</b>
<b>Operating income</b>	<b>50.0</b>	<b>45.7</b>	<b>+4.3</b>	<b>95.0</b>	<b>52.6%</b>
[Operating income ratio]	[1.72%]	[1.63%]		[1.64%]	
<b>Non-operating income/expense-net</b>	<b>5.5</b>	<b>7.5</b>	<b>(2.0)</b>	<b>5.0</b>	<b>110.0%</b>
<b>Recurring profit *1</b>	<b>55.5</b>	<b>53.2</b>	<b>+2.3</b>	<b>100.0</b>	<b>55.5%</b>
[Recurring profit ratio]	[1.91%]	[1.90%]		[1.72%]	
Machinery & Aerospace	12.9	10.6	+2.3	24.5	52.7%
Energy & Mineral Resources	24.9	19.0	+5.9	37.0	67.3%
Chemicals & Plastics	13.8	10.7	+3.1	13.5	102.2%
Real Estate Development & Forest Products	(6.4)	0.2	(6.6)	11.0	-
Consumer Lifestyle Business	(3.9)	0.4	(4.3)	2.5	-
Overseas Subsidiaries	5.9	6.6	(0.7)	9.0	65.6%
Other	8.3	5.7	+2.6	2.5	332.0%
<b>Extraordinary income (loss)-net</b>	<b>(2.4)</b>	<b>(1.0)</b>	<b>(1.4)</b>	<b>(10.0)</b>	<b>-</b>
<b>Income before income taxes</b>	<b>53.1</b>	<b>52.2</b>	<b>+0.9</b>	<b>90.0</b>	<b>59.0%</b>
<b>Net income</b>	<b>35.9</b>	<b>35.4</b>	<b>+0.5</b>	<b>60.0</b>	<b>59.8%</b>
<b>Core earnings *2</b>	<b>60.9</b>	<b>56.1</b>	<b>+4.8</b>	<b>100.0</b>	<b>60.9%</b>

\*1 Figures for recurring profit by business segment are internal figures for reference only

\*2 Core earnings = Operating income (Before allowance for doubtful receivables and write-offs) + Net interest income and expenses + Dividends received + Equity in earnings of unconsolidated subsidiaries and affiliates

**B/S**

	September 30, 2008	March 31, 2008	Change	March 31, 2009 Forecast (Announced on October 29, 2008)
<b>Total assets</b>	<b>2,740.5</b>	<b>2,669.4</b>	+71.1	<b>2,700.0</b>
<b>Shareholders' Equity *3</b>	<b>455.6</b>	<b>476.0</b>	(20.4)	<b>450.0</b>
[Total net assets]	[500]	[520]	[-19.9]	-
<b>Shareholders' Equity ratio (%)</b>	<b>16.6%</b>	<b>17.8%</b>	(0.0)	<b>16.7%</b>
<b>Net interest-bearing debt</b>	<b>916.5</b>	<b>918.9</b>	(2.4)	<b>950.0</b>
<b>Net DER (Times)</b>	<b>2.0</b>	<b>1.9</b>	+0.1	<b>2.1</b>
[Net DER (times) based on total net assets]	(1.8)	(1.8)	-	-

\*3 Equity = total net assets – stock acquisition rights – minority interests (same meaning as "shareholders' equity" as used previously)

### Recurring Profit Performance

⊙ **Steady progress achieved with recurring profit of ¥55.5 billion for the second quarters of FY2008 (cumulative), but the full-year FY2008 forecast has been revised downwards to reflect the impact of worsening economic conditions.**

**Machinery & Aerospace**  
- In the first half of the year, a strong performance centered on Automobiles, Information and Industrial Machinery and Ships; in the second half, a decrease is expected due to the impact of worsening economic conditions in emerging nations.

**Energy & Mineral Resources**  
Market conditions are weakening, but performance is expected to exceed initial forecasts due to high market prices throughout the first half of the year.

**Chemicals & Plastics**  
The fertilizer business is expected to slow down in the second half of the year mainly due to seasonal factors, but performance is expected to exceed initial forecasts due to strong sales throughout the first half.

**Real Estate Development & Forest Products**  
Expected to significantly decrease due to the impact of profit deterioration with the worsening of the real estate market.

**Consumer Lifestyle Business**  
Expected to significantly decrease due to the impact of the withdrawal from businesses accompanying the restructuring of the textiles business.

**Overseas Subsidiaries**  
Expected to perform in line with forecasts overall.

**Other**  
Improvements in funding costs.

FY2008 Full-year Forecast (Announced on October 29, 2008)
<b>5,800.0</b>
<b>280.0</b>
[4.83%]
76.0
53.0
52.0
15.0
36.0
26.0
22.0
(190.0)
<b>90.0</b>
[1.55%]
5.0
<b>95.0</b>
[1.64%]
22.0
43.0
18.0
(8.0)
(3.0)
9.0
14.0
<b>(5.0)</b>
<b>90.0</b>
<b>60.0</b>
104.0