

# Highlights of Consolidated Financial Results for the First Quarter Ended June 30, 2010

July 30, 2010  
Sojitz Corporation

## Results Highlights

1. Sojitz net sales and gross profit for the first quarter ended June 30, 2010, were up year on year. This resulted from increased transaction volume and the recovery of commodity prices in line with the moderate economic recovery. However, some businesses suffered from lower transaction volume. Performance improved at our equity method affiliates, and our equity in earnings of affiliates also increased. As a result, ordinary income and net income rose year on year.

(Figures in parentheses represent year-on-year changes.)

Net sales: 958.3 billion yen (+61.2 billion yen / +6.8%)

- Increase in Energy & Metal due to increase in ferroalloys etc. transaction volume and price recoveries.

- Increase in Chemicals & Plastics due to increase in methanol prices and demand recovery in Asia.

Gross profit: 44.8 billion yen (+7.2 billion yen / +19.1%)

- Improvement of profitability in overseas fertilizer business

- Increase in Chemicals due to increase in methanol prices etc.

Ordinary income: 10.8 billion yen (+15.9 billion yen)

- Improvement of operating income due to increase in gross profit

- Increase in equity in earnings of affiliates including steel-business company etc.

Net income: 6.6 billion yen (+8.2 billion yen)

- Improvement due to improvement of ordinary income

2. Forecast for fiscal 2010 (fiscal year ending March 31, 2011)

Net sales 4,210.0 billion yen

Operating income 40.0 billion yen

Ordinary income 26.0 billion yen

Net income 11.0 billion yen

Assumptions:

- Exchange rate (annual average: JPY/US\$ = 90)

- Crude oil price (US\$/BBL) = 80 (Brent)

3. Cash dividend per common stock for fiscal 2010 (forecast)

Interim: 1.50 yen per share

Year-end: 1.50 yen per share

## Consolidated Statements of Profit and Loss

(Billions of yen)

	FY2010 (1st Quarter) Results	FY2009 (1st Quarter) Results	Change a - b	Reasons for change	Full-year	Achieved a/c
	a	b			FY2010 forecast c	
Net sales	958.3	897.1	61.2	Net sales Energy & Metal +34.3 Chemicals & Functional Materials +29.4 Machinery +2.3 Consumer Lifestyle Business (4.3)	4,210.0	23%
Gross profit	44.8	37.6	7.2	Gross profit Consumer Lifestyle Business +5.0 Chemicals & Functional Materials +2.6 Energy & Metal +0.9 Machinery (0.9)	205.0	22%
Gross profit margin	4.67%	4.19%	0.48%		4.87%	
Personnel expenses	(19.6)	(20.0)	0.4			
Non-personnel expenses	(15.5)	(16.0)	0.5			
Depreciation	(1.3)	(1.3)	0.0			
Subtotal	(36.4)	(37.3)	0.9			
Provision of allowance for doubtful accounts	(0.5)	(1.9)	1.4			
Amortization of goodwill	(1.3)	(1.3)	0.0			
Total selling, general and administrative expenses	(38.2)	(40.5)	2.3		(165.0)	23%
Operating income	6.6	(2.9)	9.5		40.0	17%
Operating income margin	0.69%	-			0.95%	
Interest income	1.0	1.5	(0.5)			
Interest expenses	(6.1)	(6.9)	0.8			
Interest expenses - net	(5.1)	(5.4)	0.3			
Dividends income	1.3	2.0	(0.7)			
Net financial revenue	(3.8)	(3.4)	(0.4)			
Equity in earnings of affiliates	8.3	0.5	7.8	Steel-business company +3.8 Bioethanol production company +2.5		
Other income and expenses - net	(0.3)	0.7	(1.0)			
Total non operating income/losses - net	4.2	(2.2)	6.4		(14.0)	-
Ordinary income	10.8	(5.1)	15.9		26.0	42%
Gain on sales of noncurrent assets	1.8			Gain on sale of an owned ship etc.		
Gain on sales of investment securities	0.2					
Gain on change in equity	0.1					
Gain on negative goodwill	0.3					
Reversal of allowance for doubtful accounts	0.4					
Total extraordinary income	2.8	3.7	(0.9)			
Loss on sales and retirement of noncurrent assets	(0.1)					
Impairment loss	(0.6)					
Loss on revaluation of securities	(0.2)					
Loss on change in equity	(0.5)					
Loss, and provision for loss, on dissolution of subsidiaries and affiliates	(0.9)					
Loss on adjustment for changes of accounting standards for asset retirement obligations	(1.0)			Start-of-year adjustment due to changes to accounting standards		
Total extraordinary losses	(3.3)	(0.6)	(2.7)			
Extraordinary income/losses - net	(0.5)	3.1	(3.6)		0.0	-
Income before income taxes and minority interests	10.3	(2.0)	12.3		26.0	40%
Income taxes: Current	(2.1)	(1.6)	(0.5)			
Deferred	(1.3)	1.8	(3.1)			
Total income taxes	(3.4)	0.2	(3.6)			
Income before minority interests	6.9	(1.8)	8.7		13.0	53%
Minority interests in income	(0.3)	0.2	(0.5)			
Net income	6.6	(1.6)	8.2		11.0	60%
Core earnings	11.6	(3.9)	15.5			

Notes:

1. Core earnings

Core earnings = Operating income (before provision of allowance for doubtful accounts and write-offs) + Net interest expenses + Dividends income + Equity in earnings of 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. Actual results may differ from those expressed or implied by forward-looking statements due to various 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

(Billions of yen)

	June. 30	Mar. 31	Change d - e	Reasons for change
	2010	2010		
	d	e	d - e	
<b>Current assets</b>	<b>1,292.0</b>	<b>1,285.3</b>	<b>6.7</b>	
Cash and deposits	431.4	455.7	(24.3)	Loan repayments; increased use of funds due to increase in transaction volume
Notes and accounts receivable - trade	473.2	462.3	10.9	Due to increase in machinery and forest products business
Short-term investment securities	6.6	6.1	0.5	
Inventories	270.5	248.6	21.9	Due to increase in cigarettes and fertilizer business
Short-term loans receivable	8.3	7.9	0.4	
Deferred tax assets	14.2	13.5	0.7	
Other	97.5	100.2	(2.7)	
Allowance for doubtful accounts	(9.7)	(9.0)	(0.7)	
<b>Noncurrent assets</b>	<b>858.7</b>	<b>875.2</b>	<b>(16.5)</b>	
Property, plant and equipment	216.9	222.7	(5.8)	
Goodwill	53.2	54.3	(1.1)	
Intangible assets	62.4	60.1	2.3	
Investment securities	316.0	327.8	(11.8)	Due to decrease in stock prices etc.
Long-term loans receivable	24.8	25.1	(0.3)	
Bad debts	84.4	88.4	(4.0)	
Deferred tax assets	62.9	61.4	1.5	
Real estate for investment	53.4	53.3	0.1	
Other	39.4	39.3	0.1	
Allowance for doubtful accounts	(54.7)	(57.2)	2.5	
<b>Deferred assets</b>	<b>0.4</b>	<b>0.4</b>	<b>0.0</b>	
<b>Total assets</b>	<b>2,151.1</b>	<b>2,160.9</b>	<b>(9.8)</b>	
<b>Liabilities</b>	<b>842.3</b>	<b>841.5</b>	<b>0.8</b>	
Notes and accounts payable - trade	394.8	377.4	17.4	Due to increase in machinery and fertilizer business
Short-term loans payable	239.4	256.7	(17.3)	Decrease due to repayments
Commercial papers	7.0	10.0	(3.0)	
Current portion of bonds	50.1	40.1	10.0	Reclassification of current portion +20.0, decrease due to bond redemptions (10.0)
Other	151.0	157.3	(6.3)	
<b>Noncurrent liabilities</b>	<b>938.1</b>	<b>942.0</b>	<b>(3.9)</b>	
Bonds payable	113.4	123.6	(10.2)	Issuance +10.0, reclassification of current portion (20.0)
Long-term loans payable	765.9	763.1	2.8	
Provision for retirement benefits	12.5	13.3	(0.8)	
Other	46.3	42.0	4.3	
<b>Total liabilities</b>	<b>1,780.4</b>	<b>1,783.5</b>	<b>(3.1)</b>	
Capital stock	160.3	160.3	-	
Capital surplus	152.2	152.2	-	
Retained earnings	151.7	146.5	5.2	Net income +6.6, Effect of changes to accounting standards (1.3)
Treasury stock	(0.2)	(0.2)	0.0	
<b>Total shareholders' equity</b>	<b>464.0</b>	<b>458.8</b>	<b>5.2</b>	
Valuation difference on available-for-sale securities	7.4	14.8	(7.4)	Decrease due to decline in stock prices etc.
Deferred gains or losses on hedges	1.9	2.4	(0.5)	
Revaluation reserve for land	(2.1)	(2.1)	0.0	
Foreign currency translation adjustment	(125.2)	(121.5)	(3.7)	Decrease due to overseas subsidiaries' translation adjustments
<b>Total valuation and translation adjustments</b>	<b>(118.0)</b>	<b>(106.4)</b>	<b>(11.6)</b>	
Minority interests	24.7	25.0	(0.3)	
<b>Total net assets</b>	<b>370.7</b>	<b>377.4</b>	<b>(6.7)</b>	
<b>Total liabilities and net assets</b>	<b>2,151.1</b>	<b>2,160.9</b>	<b>(9.8)</b>	

Gross interest-bearing debt	1,175.8	1,193.5	(17.7)
Net interest-bearing debt	744.4	737.8	6.6
Net debt/equity ratio (times)	* 2.15	* 2.09	0.06
Shareholders' equity ratio	* 16.1%	* 16.3%	(0.2%)
Current ratio	153.4%	152.7%	0.7%
Long-term debt ratio	74.8%	74.3%	0.5%

\* The figure for equity used as the denominator in the debt/equity ratio and the numerator in the shareholders' equity ratio excludes minority interests.

# Highlights of Consolidated Financial Results for the First Quarter Ended June 30, 2010 - Supplementary Material

July 30, 2010  
Sojitz Corporation

(Billions of yen)

P/L	FY2010	FY2009	Change	FY2010	Achieved	FY2009
	Apr.-Jun. Results	Apr.-Jun. Results		Full-year Forecast		Results
<b>Net sales</b>	<b>958.3</b>	<b>897.1</b>	61.2	<b>4,210.0</b>	22.8%	<b>3,844.4</b>
<b>Gross profit</b>	<b>44.8</b>	<b>37.6</b>	7.2	<b>205.0</b>	21.9%	<b>178.2</b>
Gross profit margin	4.67%	4.19%	0.48%	4.87%		4.64%
Machinery	12.0	12.9	(0.9)	61.0	19.7%	56.2
Energy & Metal	9.7	8.8	0.9	47.0	20.6%	37.1
Chemicals and Functional Materials	9.1	6.5	2.6	37.0	24.6%	31.9
Consumer Lifestyle Business	12.4	7.4	5.0	53.0	23.4%	46.5
Other	1.6	2.0	(0.4)	7.0	22.9%	6.5
<b>Selling, general and administrative expenses</b>	<b>(38.2)</b>	<b>(40.5)</b>	2.3	<b>(165.0)</b>	23.2%	<b>(162.1)</b>
<b>Operating income</b>	<b>6.6</b>	<b>(2.9)</b>	9.5	<b>40.0</b>	16.5%	<b>16.1</b>
Operating income margin	0.69%	-		0.95%		0.42%
<b>Non-operating income/expenses - net</b>	<b>4.2</b>	<b>(2.2)</b>	6.4	<b>(14.0)</b>	-	<b>(2.4)</b>
<b>Ordinary income<sup>1</sup></b>	<b>10.8</b>	<b>(5.1)</b>	15.9	<b>26.0</b>	41.5%	<b>13.7</b>
Ordinary income margin	1.13%	-		0.62%		0.36%
Machinery	(2.5)	(3.6)	1.1	(1.5)	-	(4.1)
Energy & Metal	8.8	1.1	7.7	21.0	41.9%	12.6
Chemicals and Functional Materials	1.8	(1.3)	3.1	5.0	36.0%	2.9
Consumer Lifestyle Business	1.0	(5.5)	6.5	1.5	66.7%	(4.1)
Other	1.7	4.2	(2.5)	0.0	-	6.4
<b>Extraordinary income/losses - net</b>	<b>(0.5)</b>	<b>3.1</b>	(3.6)	<b>0.0</b>	-	<b>5.2</b>
<b>Income before income taxes and minority interests</b>	<b>10.3</b>	<b>(2.0)</b>	12.3	<b>26.0</b>	39.6%	<b>18.9</b>
<b>Income before minority interests</b>	<b>6.9</b>	<b>(1.8)</b>	8.7	<b>13.0</b>	53.1%	<b>10.6</b>
<b>Net income</b>	<b>6.6</b>	<b>(1.6)</b>	8.2	<b>11.0</b>	60.0%	<b>8.8</b>
Machinery	(1.7)	(3.0)	1.3	(4.0)	-	1.0
Energy & Metal	6.3	0.8	5.5	15.5	40.6%	23.5
Chemicals and Functional Materials	0.9	(0.8)	1.7	2.5	36.0%	1.2
Consumer Lifestyle Business	0.2	(3.4)	3.6	0.0	-	(3.2)
Other	0.9	4.8	(3.9)	(3.0)	-	(13.7)
<b>Core earnings<sup>2</sup></b>	<b>11.6</b>	<b>(3.9)</b>	15.5	<b>33.5</b>	34.6%	<b>14.4</b>

<sup>1</sup> Effective this fiscal year (ending March 31, 2011), logistics and services operations related to airlines and airport retail were reclassified from the Other segment into the Consumer Lifestyle Business Division. Additionally, certain changes were made to the methods by which expenses are internally allocated. Results for April-June 2009 are based on these new segment classifications and expense allocation methods.

<sup>2</sup> Core earnings = Operating income (before provision of allowance for doubtful receivables and write-offs) + Net interest expenses + Dividends income + Equity in earnings of affiliates

Main factors behind changes	FY2010 current position and outlook
<b>Machinery Division</b> - Decrease in gross profit due to declines in charterage in the ship-owning business and earnings of automotive companies in Central and South America, despite increases in transaction volumes in the plant and industrial machinery businesses - Increase in ordinary income and net income due to improvements in SG&A expenses, increase in equity in earnings of affiliates, and gain on sale of an owned ship	<b>Machinery Division</b> -Progress is largely on target. Despite their poor performance in the fiscal first quarter, automotive companies in Central and South America and the Russia/NIS region are expected to recover, as anticipated, as operations stabilize and inventory levels normalize. Moreover, we expect plant-related equipment transaction volumes to increase, mainly in emerging countries.
<b>Energy &amp; Metal Division</b> - Increase in gross profit, reflecting higher prices and increase in transaction volumes in ferroalloy businesses - Dramatic increase in ordinary income and net income due to increase in equity in earnings of affiliates attributable to a steel-business company, where performance was firm, and a bioethanol production company, which booked a one-time gain resulting from a business integration.	<b>Energy &amp; Metal Division</b> -Progress was steady, mainly in steel-related businesses, owing to strong first-quarter demand for steel in overseas markets, including China. With regard to the fiscal second half, however, an increasingly uncertain outlook for market prices is a source of concern, although coal production volume is expected to rise.
<b>Chemicals &amp; Functional Materials Division</b> - Increase in earnings due to increased transaction volume resulting from demand recovery in China and elsewhere in Asia and higher methanol prices	<b>Chemicals &amp; Functional Materials Division</b> -We expect the division to perform largely in line with our outlook on the back of steady progress in the trading business, reflecting a recovery of demand, mainly in China and elsewhere in Asia, in the first quarter.
<b>Consumer Lifestyle Business Division</b> - Increase in gross profit, ordinary income, and net income due to substantial increase in the foodstuff business in conjunction with improvements in profitability in the overseas fertilizer business	<b>Consumer Lifestyle Business Division</b> -Progress was steady in the first quarter, reflecting strong performance in the overseas fertilizer business. We expect full-year performance to be in line with forecasts, however, due to seasonal factors that will affect the overseas fertilizer business from the fiscal second half.
<b>Other</b> - Decrease due to decrease in equity in earnings of affiliates and non-recurrence of the previous fiscal year's extraordinary income items	<b>Other</b> -Progress is largely on target

(Billions of yen)

B/S	June 30, 2010	March 31, 2010	Change	March 31, 2011 Forecast
<b>Total assets</b>	<b>2,151.1</b>	<b>2,160.9</b>	(9.8)	<b>2,120.0</b>
<b>Shareholders' equity<sup>3</sup></b>	<b>346.0</b>	<b>352.4</b>	(6.4)	<b>360.0</b>
Total net assets	370.7	377.4	(6.7)	-
<b>Shareholders' equity ratio (%)</b>	<b>16.1%</b>	<b>16.3%</b>	(0.2%)	<b>17.0%</b>
<b>Net interest-bearing debt</b>	<b>744.4</b>	<b>737.8</b>	6.6	<b>800.0</b>
<b>Net D/E ratio (times)</b>	<b>2.15</b>	<b>2.09</b>	0.06	<b>2.2</b>
Net D/E ratio based on total net assets (times)	2.01	1.95	0.06	

<sup>3</sup> Shareholders' equity = Total net assets - Minority interests

<sup>4</sup> 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. Actual results may differ from those expressed or implied by forward-looking statements due to various 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.

## Commodity Prices and Exchange Rates

	FY2009 Average	FY2010 Forecast	2010 Results		
			Jan. - Mar. '10 Avg.	Apr. - Jun. '10 Avg.	Jan. - Jun. '10 Avg.
<b>Crude oil (Brent)**1</b> (\$/bbl)	\$62.6/bbl	\$80/bbl	\$76.2/bbl	\$78.3/bbl	\$77.3/bbl
<b>Thermal Coal**2</b> (\$/t)	\$72.5/t	\$98/t	\$94.4/t	\$99.9/t	\$97.2/t
<b>Molybdenum</b> (\$/lb)	\$11.0/lb	\$15/lb	\$15.6/lb	\$16.4/lb	\$16.0/lb
<b>Nickel</b> (\$/lb)	\$6.7/lb	\$7/lb	\$9.1/lb	\$10.2/lb	\$9.6/lb
<b>Exchange rate**3</b> (¥/\$)	Dec. year-end ¥93.7/\$ Mar. year-end ¥92.6/\$	¥90/\$	¥90.7/\$	¥91.3/\$	¥91.0/\$

<sup>1</sup> Impact of fluctuations in the crude oil price on earnings: A \$1/bbl change alters ordinary income by approx. ¥0.2 billion.

<sup>2</sup> Prices for the majority of the thermal coal traded by Sojitz are fixed by annual contracts during the previous fiscal year. The effect of the most recent spot prices is negligible. Market forecasts and averages in the above table differ from our sales prices.

<sup>3</sup> Impact of fluctuations in the exchange rate on earnings: A ¥1/\$ change alters net sales by approx. ¥4.0 billion, ordinary income by approx. ¥0.1 billion, and shareholders' equity by approx. ¥1.5 billion.

**Summary of Consolidated Financial Results**  
**for the First Quarter of Fiscal Year Ending March 31, 2011 (Japanese accounting standard)**

July 30, 2010

**Sojitz Corporation**

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

Listed stock exchange: The first sections of Tokyo and Osaka

Security Code: 2768

Company Representative: Yutaka Kase, President & CEO

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

Scheduled filing date of quarterly financial report: August 13, 2010

Scheduled date of delivery of dividends: -

Supplementary materials for the quarterly financial results: Yes

Investor conference for the quarterly financial results: Yes

(Rounded down to millions of Japanese Yen)

1. Consolidated Financial Results for the First Quarter Ended June 30, 2010 and 2009

(1) Consolidated Operating Results

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

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
For the first quarter ended								
June 30, 2010	958,289	6.8	6,619	—	10,796	—	6,554	—
June 30, 2009	897,121	(36.2)	(2,907)	—	(5,095)	—	(1,564)	—

	EPS	Adjusted EPS
	Yen	Yen
For the first quarter ended		
June 30, 2010	5.24	5.23
June 30, 2009	(1.27)	—

(2) Consolidated Financial Position

	Total Assets	Total Net Assets	Equity Ratio	Net Assets per Share
	Millions of Yen	Millions of Yen	%	Yen
As of				
June 30, 2010	2,151,134	370,716	16.1	276.53
March 31, 2010	2,160,918	377,404	16.3	281.69

(Millions of Yen)

Notes: Shareholders' Equity

As of June 30, 2010 : 345,967

As of March 31, 2010 : 352,417

2. Cash Dividends

	Cash Divided per Share				
	First Quarter	Second Quarter	Third Quarter	Year Ended	Annual
For the year ended					
	Yen	Yen	Yen	Yen	Yen
March 31, 2010	-	2.50	-	0.00	2.50
March 31, 2011	-				
March 31, 2011 (forecast)		1.50	-	1.50	3.00

Note. 1. Change in cash dividends forecast 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 2).

3. Consolidated Earnings Forecast for the Year Ending March 31, 2011 (April 1, 2010 - March 31, 2011)

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

	Net Sales		Operating Income		Ordinary Income		Net Income		EPS
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
For the year ending									
March 31, 2011									
Full year	4,210,000	9.5	40,000	148.0	26,000	89.8	11,000	25.1	8.79

Note. Changes in Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2011 : No

#### 4.Others

- (1) Changes in major subsidiaries during the first quarter of this fiscal year  
(Changes in specified subsidiaries accompanying changes in scope of consolidation) : No
- (2) Use of simplified and exceptional 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. Changes due to other reasons : No
- (4) Number of outstanding shares at the end of the periods (Common Stock):
  1. Number of outstanding shares at the end of the periods (Including treasury shares ):  
As of June 30, 2010: 1,251,499,501      As of March 31, 2010: 1,251,499,501
  2. Number of treasury shares at the end of the periods:  
As of June 30, 2010 : 409,997      As of March 31, 2010 : 408,488
  3. Average number of outstanding shares during the periods:  
For the 1st Quarter ended June 30, 2010(accumulative): 1,251,090,160  
For the 1st Quarter ended June 31, 2009(accumulative): 1,233,454,904

**\* Important Note Concerning the Appropriate Use of Business Forecasts**

This document contains projections and other forward-looking statements based on information available to the Company as of the date of this document and certain assumptions thought to be reasonable. Actual results may therefore differ from those expressed or implied by such forward-looking statements due to various factors including, but not limited to, changes in economic conditions in key markets, in Japan and overseas, and exchange rates.

#### Dividends on Preferred Shares

The table below sets out details of dividends per share and total dividends paid for classified stock conferring rights different from common stock.

	Cash Dividends per Share				
	First Quarter	Second Quarter	Third Quarter	Year Ended	Annual
FY2010 ended March 31, 2010 1st Series Class III	-	7.50	-	0.00	7.50

\*As On october 29,2009, conversion of 1st Series Class III Preferred Shares to Common stock has been completed, we have no year ended dividends for 1st Series Class III Preferred Shares.

We have deleted the provisions for 1st Series Class III Preferred Shares in the articles of incorporation at the Ordinary General Shareholders' Meeting held on June 22, 2010.

## **Analysis of Business Results**

### **1. Overview of the First Quarter of Fiscal 2010 (April 1 – June 30, 2010)**

#### **Economic Environment**

Fiscal woes in Greece and other European economies deepened in the first quarter (April – June 2010) of fiscal 2010, amid ongoing instability in exchange rates and stock prices worldwide. In the US, a deteriorating financial environment, coupled with increasingly murky housing market prospects since the expiration of home buyer tax credits, has stirred caution about the economic outlook. Moreover, faced with financial market instability, many countries see fiscal reform as a matter of urgency, prompting concern that expansive fiscal tightening in these countries could mire economic recovery.

Japan posted strong real GDP growth in the January–March quarter, but the pace of growth is forecast to slow in the April–June quarter. Unemployment, meanwhile, remains high. The Japanese economy continues to gain a footing for self-sustaining recovery on the back of improvements in overseas economies, the government's emergency stimulus measures, and a pickup in corporate earnings. Nevertheless, the risk of an external demand falloff has not yet dissipated and little progress is being made in allaying deflationary pressures. The Japanese economic environment accordingly remains unstable.

Despite these concerns, the global economy remains on a mild recovery path led by strong economic growth in Asian economies, most notably China, India, and ASEAN countries.

#### **Financial Performance**

Sojitz Corporation's consolidated business results for the first quarter of fiscal 2010 are presented below.

##### **Net sales**

Consolidated net sales increased 6.8% year on year to ¥958,289 million. The increase was mainly attributable to a recovery in market prices and increased unit volumes of ferroalloys in the Energy & Metal Division; increased methanol prices and an increase in transaction volumes for chemicals and synthetic resins reflecting an Asian demand recovery in the Chemicals & Functional Materials Division; and an increase in auto sales to Europe and industrial plant exports to South America in the Machinery Division. These positive factors more than offset decreases in aircraft transaction volume and tobacco product unit volume.

##### **Gross profit**

Consolidated gross profit was up ¥7,189 million year on year to ¥44,769 million. The increase was largely attributable to improved earnings from overseas fertilizer business and profit growth from increased chemicals and plastics trading.

##### **Operating income**

Consolidated operating income increased ¥9,526 million year on year to ¥6,619 million as a result of the increase in gross profit and a reduction in selling, general and administrative expenses.

#### Ordinary income

Consolidated ordinary income increased ¥15,891 million year on year to ¥10,796 million as a result of an increase in equity in earnings of affiliates, including a steel-related company and a bioethanol production company.

#### Extraordinary gains and losses

Extraordinary gains totaled ¥2,812 million, including a ¥1,796 million gain on the sale of fixed assets and a ¥434 million reversal of allowance for doubtful accounts. Extraordinary losses totaled ¥3,315 million, including ¥960 million associated with the adoption of new accounting standards for asset retirement obligations, an ¥878 million charge comprising losses and provisions for losses on dissolution of subsidiaries and affiliates, a ¥577 million impairment loss, and a ¥528 million loss on changes in equity holdings. On balance, these gains and losses netted to an extraordinary loss of ¥503 million.

#### Net income

Consolidated income before income taxes and minority interests was ¥10,293 million. After deduction of income tax expense of ¥2,143 million and deferred income taxes of ¥1,252 million, net income before minority interests amounted to ¥6,897 million. After deduction of ¥342 million in income from minority interests, consolidated net income for the first quarter of fiscal 2010 was ¥6,554 million, a ¥8,118 million year-on-year increase.

Effective the first quarter of fiscal 2010, Sojitz revised its business segmentation, reclassifying distribution and services operations related to airlines and airport retails from the Other segment into the Consumer Lifestyle Business Division.

Results are summarized by business segment below.

#### Machinery

Net sales increased only slightly, by 1.0% year on year, to ¥229,422 million. This was largely due to a decrease in aircraft transaction volumes being offset by increases in auto sales to Europe and industrial plant exports to South America. Although the South American auto company's performance was subdued, equity in earnings of affiliates increased and Sojitz earned revenue from the sale of an owned marine vessels. Overall, the segment incurred a net loss of ¥1,689 million, a ¥1,331 million improvement from its year-earlier net loss.

#### Energy & Metal

Net sales increased 16.1% year on year to ¥246,749 million, largely owing to a recovery in market prices and increased unit volumes of ferroalloys. Net income likewise increased, up ¥5,436 million year on year to ¥6,318 million, due to an increase in equity in earnings of affiliates, including a steel-related company and bioethanol production company.

#### Chemicals & Functional Materials

Net sales grew 24.5% year on year to ¥149,237 million as a result of an increase in chemicals and plastics trading, reflecting an Asian demand recovery and an increase in methanol prices. Net income amounted to ¥876 million, a year-on-year improvement of ¥1,699 million.

#### Consumer Lifestyle Business

Net sales were down 1.3% year on year to ¥320,130 million as tobacco product transaction volume decreased. Net income amounted to ¥168 million, a year-on-year improvement of ¥3,596 million, largely reflecting a recovery in earnings from overseas fertilizer business.

#### Other

Net sales fell 4.1% year on year to ¥12,750 million. Net income decreased ¥3,605 million year on year to a net loss of ¥181 million, largely due to a decrease in equity in earnings of affiliates.

## 2. Financial Position

### Consolidated Balance Sheet

At June 30, 2010, consolidated assets totaled ¥2,151,134 million, a ¥9,784 million decrease from the preceding fiscal year-end (March 31, 2010). The decrease was primarily attributable to a ¥24,320 million decrease in cash and deposits and an ¥11,869 million reduction in investment securities resulting largely from stock market declines. These decreases more than offset an ¥11,054 million increase in trade notes and accounts receivable, due to increased machinery and forest product transaction volumes, and a ¥21,885 million increase in inventories, largely due to increased tobacco product and fertilizer transaction volumes.

Consolidated liabilities totaled ¥1,780,418 million at June 30, 2010, a decrease of ¥3,096 million from March 31, 2010. The decrease was largely attributable to a ¥17,348 million increase in trade notes and accounts payable, due largely to increased machinery and fertilizer transaction volumes, which was more than offset by debt repayments. As a result, Sojitz ended June 2010 with a current ratio of 153% and a long-term debt ratio (long-term debt to total debt) of 75%. Net interest-bearing debt (total interest-bearing debt less cash and deposits) totaled ¥744,396 million at June 30, 2010, a ¥6,607 million increase from March 31, 2010, resulting in a net debt-to-equity ratio of 2.15 at June 30, 2010.

Shareholders' equity totaled ¥464,043 million at June 30, 2010, an increase of ¥5,224 million from March 31, 2010. The increase was mainly attributable to first-quarter net income, which more than offset a ¥1,342 million decrease in the beginning balance of retained earnings reflecting accounting standard changes. In valuation and translation adjustment accounts, net unrealized gains on available-for-sale securities were down by ¥7,444 million, due largely to stock market declines, while foreign currency translation adjustments were down ¥3,683 million from March 31, 2010. As a result, total net assets inclusive of minority interests decreased to ¥370,716 million at June 30, 2010, down ¥6,688 million from March 31, 2010.

In terms of funding, Sojitz continues to pursue a basic financial strategy of maintaining and improving the stability of its financial structure under its new Shine 2011 medium-term management plan. As a specific measure under this strategy, Sojitz launched a straight bond

issue totaling ¥10 billion in May 2010, the purpose of which is to continue Sojitz's shift from short-term to long-term financing to shore up financial structure stability and to maintain Sojitz's stable financial position by ensuring sufficient short-term liquidity to weather changes in economic and financial environments. From the standpoint of diversifying long-term funding sources, Sojitz continues to monitor interest rates and market trends to enable it to achieve appropriate timing and cost with respect to straight bond issuance. Sojitz secures adequate liquidity and stable funding by maintaining good relationships with numerous financial institutions, particularly a group of banks from which it has obtained a ¥100 billion long-term credit line.

### **3. Consolidated Earnings Forecast**

Sojitz's fiscal 2010 consolidated earnings forecast is based on the following assumptions.

Exchange rate (annual average ¥/US\$): ¥90

Crude oil price (Brent) (annual average US\$/BBL): US\$80

Fiscal first-half consolidated and nonconsolidated earnings forecasts are omitted because Sojitz forecasts earnings on an annual basis only.



## Consolidated Balance Sheets

### As of June 30, 2010 and March 31, 2010

(Millions of Yen)

	As of June 30, 2010	As of March 31, 2010
<b>Assets</b>		
Current assets		
Cash and deposits	431,408	455,728
Notes and accounts receivable-trade	473,287	462,233
Short-term investment securities	6,560	6,131
Inventories	270,514	248,629
Short-term loans receivable	8,281	7,943
Deferred tax assets	14,165	13,484
Other	97,492	100,216
Allowance for doubtful accounts	(9,683)	(9,089)
<b>Total current assets</b>	<b>1,292,026</b>	<b>1,285,277</b>
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	111,686	112,591
Accumulated depreciation	(51,812)	(51,367)
<b>Buildings and structures, net</b>	<b>59,874</b>	<b>61,224</b>
Machinery, equipment and vehicles	164,197	169,688
Accumulated depreciation	(81,086)	(82,901)
<b>Machinery, equipment and vehicles, net</b>	<b>83,111</b>	<b>86,787</b>
Land	56,544	57,442
Construction in progress	12,039	11,883
Other	16,063	16,303
Accumulated depreciation	(10,733)	(10,975)
<b>Other, net</b>	<b>5,330</b>	<b>5,328</b>
<b>Total property, plant and equipment</b>	<b>216,899</b>	<b>222,665</b>
Intangible assets		
Goodwill	53,191	54,305
Other	62,424	60,139
<b>Total intangible assets</b>	<b>115,615</b>	<b>114,445</b>
Investments and other assets		
Investment securities	316,000	327,869
Long-term loans receivable	24,827	25,113
Bad debts	84,450	88,358
Deferred tax assets	62,855	61,432
Real estate for investment	53,374	53,261
Other	39,372	39,264
Allowance for doubtful accounts	(54,678)	(57,207)
<b>Total investments and other assets</b>	<b>526,202</b>	<b>538,093</b>
<b>Total noncurrent assets</b>	<b>858,717</b>	<b>875,204</b>
Deferred assets	390	436
<b>Total assets</b>	<b>2,151,134</b>	<b>2,160,918</b>

## Consolidated Balance Sheets

### As of June 30, 2010 and March 31, 2010

(Millions of Yen)

	As of June 30, 2010	As of March 31, 2010
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	394,816	377,468
Short-term loans payable	239,351	256,652
Commercial papers	7,000	10,000
Current portion of bonds	50,120	40,120
Income taxes payable	4,458	5,949
Deferred tax liabilities	79	44
Provision for bonuses	3,137	5,497
Other	143,337	145,801
<b>Total current liabilities</b>	<b>842,302</b>	<b>841,533</b>
Noncurrent liabilities		
Bonds payable	113,436	123,647
Long-term loans payable	765,897	763,098
Deferred tax liabilities	15,843	14,743
Deferred tax liabilities for land revaluation	911	944
Provision for retirement benefits	12,478	13,280
Provision for directors' retirement benefits	857	931
Other	28,691	25,336
<b>Total noncurrent liabilities</b>	<b>938,116</b>	<b>941,981</b>
<b>Total liabilities</b>	<b>1,780,418</b>	<b>1,783,514</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	160,339	160,339
Capital surplus	152,160	152,160
Retained earnings	151,713	146,489
Treasury stock	(169)	(169)
<b>Total shareholders' equity</b>	<b>464,043</b>	<b>458,819</b>
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	7,401	14,845
Deferred gains or losses on hedges	1,859	2,357
Revaluation reserve for land	(2,103)	(2,055)
Foreign currency translation adjustment	(125,233)	(121,550)
<b>Total valuation and translation adjustments</b>	<b>(118,075)</b>	<b>(106,402)</b>
Minority interests	24,748	24,987
<b>Total net assets</b>	<b>370,716</b>	<b>377,404</b>
<b>Total liabilities and net assets</b>	<b>2,151,134</b>	<b>2,160,918</b>

**Consolidated Statement of Profit and Loss**  
**for the First Quarter Ended June 30, 2010 and 2009**

(Millions of Yen)

	For the three months ended June 30, 2009	For the three months ended June 30, 2010
<b>Net sales</b>	897,121	958,289
Cost of sales	859,540	913,520
<b>Gross profit</b>	37,580	44,769
Selling, general and administrative expenses	40,488	38,149
<b>Operating income</b>	(2,907)	6,619
Non-operating income		
Interest income	1,475	999
Dividends income	2,031	1,307
Equity in earnings of affiliates	528	8,272
Other	4,441	4,261
<b>Total non-operating income</b>	8,476	14,841
Non-operating expenses		
Interest expenses	6,856	6,067
Interest on commercial papers	100	9
Foreign exchange losses	—	2,677
Other	3,708	1,909
<b>Total non-operating expenses</b>	10,664	10,664
<b>Ordinary income</b>	(5,095)	10,796
Extraordinary income		
Gain on sales of noncurrent assets	36	1,796
Gain on sales of investment securities	1,746	194
Gain on change in equity	—	97
Gain on negative goodwill	—	286
Reversal of allowance for doubtful accounts	1,857	434
Gain on bad debts recovered	0	2
<b>Total extraordinary income</b>	3,641	2,812
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	16	134
Impairment loss	64	577
Loss on sales of investment securities	64	5
Loss on revaluation of securities	400	228
Loss on change in equity	—	528
Loss, and provision for loss, on dissolution of subsidiaries and affiliates	45	878
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	960
<b>Total extraordinary losses</b>	590	3,315
Income before income taxes and minority interests	(2,045)	10,293
Income taxes-current	1,577	2,143
Income taxes-deferred	(1,839)	1,252
Total income taxes	(261)	3,396
Income before minority interests	—	6,897
Minority interests in income	(219)	342
<b>Net income</b>	(1,564)	6,554

**Consolidated Statements of Cash Flows**  
**for the First Quarter Ended June 30, 2010 and 2009**

(millions of Yen)

	For the 1st Quarter ender June 30, 2009	For the 1st Quarter ender June 30, 2010
<b>Net cash provided by (used in) operating activities</b>		
Income (loss) before income taxes and minority interest:	(2,045)	10,293
Depreciation and amortization	6,159	5,561
Impairment loss	64	577
Loss on valuation of investment securities	400	228
Amortization of goodwill	1,143	1,139
Increase (decrease) in allowance for doubtful accounts	(1,204)	(1,994)
Increase (decrease) in provision for retirement benefits	(503)	122
Interest and dividends income	(3,507)	(2,307)
Interest expenses	6,956	6,076
Foreign exchange losses (gains)	(516)	767
Equity in (earnings) losses of affiliates	(528)	(8,272)
Loss (gain) on sales of investment securities	(1,681)	222
Loss (gain) on sales and retirement of noncurrent assets	(19)	(1,661)
Decrease (increase) in notes and accounts receivable-trad	66,359	(11,277)
Decrease (increase) in inventories	10,968	(27,909)
Increase (decrease) in notes and accounts payable-trad	(47,864)	19,902
Other, net	(10,850)	4,563
<b>Subtotal</b>	<b>23,330</b>	<b>(3,967)</b>
Interest and dividends income received	5,310	5,609
Interest expenses paid	(7,032)	(6,089)
Income taxes paid	(3,058)	(3,341)
<b>Net cash provided by (used in) operating activities</b>	<b>18,549</b>	<b>(7,789)</b>
<b>Net cash provided by (used in) investing activities</b>		
Decrease (increase) in time deposits	1,087	(2,099)
Decrease (increase) in short-term investment securities	118	(84)
Purchase of property, plant and equipment	(4,299)	(3,945)
Proceeds from sales of property, plant and equipment	291	3,802
Purchase of intangible assets	(1,064)	(2,978)
Purchase of investment securities	(11,377)	(490)
Proceeds from sales and redemption of investment securities	5,230	3,462
Decrease (increase) in short-term loans receivable	1,424	237
Payments of long-term loans receivable	(392)	(492)
Collection of long-term loans receivable	182	47
Net increase/decrease from sale of consolidated subsidiaries	(0)	(334)
Other, net	(85)	(254)
<b>Net cash provided by (used in) investing activities</b>	<b>(8,885)</b>	<b>(3,129)</b>
<b>Net cash provided by (used in) financing activities</b>		
Net increase (decrease) in short-term loans payable	(11,549)	(9,783)
Increase (decrease) in commercial papers	(10,000)	(3,000)
Proceeds from long-term loans payable	13,826	37,461
Repayment of long-term loans payable	(15,955)	(38,376)
Proceeds from issuance of bonds	—	9,953
Redemption of bonds	(2,141)	(10,211)
Proceeds from stock issuance to minority shareholders	13	400
Cash dividends paid	(1,244)	—
Cash dividends paid to minority shareholder	(264)	(133)
Other, net	(159)	(210)
<b>Net cash provided by (used in) financing activities</b>	<b>(27,473)</b>	<b>(13,899)</b>
<b>Effect of exchange rate change on cash and cash equivalents</b>	<b>8,300</b>	<b>(1,386)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(9,509)</b>	<b>(26,205)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>414,419</b>	<b>454,262</b>
<b>Cash and cash equivalents at end of period</b>	<b>404,910</b>	<b>428,057</b>

## Notes on the Going-concern Assumption

For the three months ended June 30, 2010 (April 1, 2010 – June 30, 2010)

Not applicable

## Segment Information

### Additional information

Effective the first quarter of the fiscal year ending March 31, 2011, the Company adopted the *Revised Accounting Standard for Disclosures about Segments of an Enterprise and Related Information* (ASBJ Statement No. 17, revised March 27, 2009) and its accompanying *Guidance on the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information* (Guidance No. 20, March 21, 2008). Segment information for the three months ended June 30, 2009, presented below also was prepared in accord with this accounting standard and guidance.

### 1. Overview of reportable segments

The Company's reportable segments are components of the Company about which separate financial information is available. These segments are subject to periodic examinations to enable the Company's board of directors to decide how to allocate resources and assess performance. The Company's business divisions at head office are delineated based on goods and service categories. Each of the divisions is engaged in a wide range of businesses globally (in Japan and overseas), including buying, selling, importing, and exporting goods, manufacturing and selling products, providing services, planning and coordinating projects, investing in various sectors, and conducting financing activities. The Company's operations are therefore segmented based on the goods and services handled by each of the divisions. The Company's four reportable segments are the Machinery segment, the Energy & Metal segment, the Chemicals & Functional Materials segment, and the Consumer Lifestyle Business segment.

### 2. Reportable segment information

For the three months ended June 30, 2009 (April 1, 2009 – June 30, 2009)

	Reportable Segment					Other (note 1)	Total	Adjustment (note 2)	Amounts on the consolidated quarterly statement of profit and loss (note 3)
	Machinery	Energy & Metal	Chemicals & Functional Materials	Consumer Lifestyle Business	Subtotal				
Net sales and segment income									
Net sales									
(1) Customers	227,073	212,467	119,893	324,387	883,821	13,299	897,121	-	897,121
(2) Inter-segment	1,910	284	885	537	3,618	1,194	4,813	(4,813)	-
Total	228,983	212,752	120,778	324,925	887,440	14,494	901,934	(4,813)	897,121
Segment income (loss)	(3,020)	882	(823)	(3,428)	(6,391)	3,424	(2,966)	1,402	(1,564)

(Millions of yen)

Notes:

1. "Other" includes functional services, regional companies in Japan, logistics and insurance services, venture capital, aircraft leasing, real estate and other investment, and real estate leasing.
2. The 1,402 million yen adjustment for segment income includes the 1,139 million yen difference between (a) actual tax expenses incurred by the Company and (b) tax expenses calculated with internally defined methods and allocated to each segment. It also includes 249 million yen in gains associated with unallocated shared corporate assets.
3. Segment income (loss) adjustments are based on the net income reported in the quarterly consolidated statement of profit and loss for the corresponding period.

*Changes in segmentation*

Effective the first quarter of this fiscal year (ending March 31, 2011), logistics and services operations related to airlines and airport retail were reclassified from the Other segment into the Consumer Lifestyle Business Division as part of restructuring to realize synergies with areas such as the General Commodities & Retail Department. Segment information for the three months ended June 30, 2009, is based on the new segmentation.

For the three months ended June 30, 2010 (April 1, 2010 – June 30, 2010)

(Millions of yen)

	Reportable Segment					Other (note 1)	Total	Adjustment (note 2)	Amounts on the consolidated quarterly statement of profit and loss (note 3)
	Machinery	Energy & Metal	Chemicals & Functional Materials	Consumer Lifestyle Business	Subtotal				
Net sales and segment income									
Net sales									
(1) Customers	229,422	246,749	149,237	320,130	945,539	12,750	958,289	-	958,289
(2) Inter-segment	678	389	1,003	706	2,778	955	3,733	(3,733)	-
Total	230,101	247,138	150,240	320,836	948,317	13,705	962,023	(3,733)	958,289
Segment income (loss)	(1,689)	6,318	876	168	5,674	(181)	5,492	1,062	6,554

Notes:

1. "Other" includes functional services, regional companies in Japan, logistics and insurance services, venture capital, aircraft leasing, real estate and other investment, and real estate leasing.
2. The 1,062 million yen adjustment for segment income includes the 837 million yen difference between (a) actual tax expenses incurred by the Company and (b) tax expenses calculated with internally defined methods and allocated to each segment. It also includes 231 million yen in gains associated with unallocated shared corporate assets.
3. Segment income (loss) adjustments are based on the net income reported in the quarterly consolidated statement of profit and loss for the corresponding period.