

Highlights of Consolidated Financial Results for the Third Quarter Ended December 31, 2010

January 31, 2011

Sojitz Corporation

Results Highlights

1. Sojitz' business results for the third quarter ended December 31, 2010, outperformed its year-ago results, with net sales, gross profit, ordinary income, and net income all up year on year. The increases were mainly attributable to a recovery in commodity prices and demand for our products in an environment in which high economic growth in emerging economies, particularly those in Asia, has been driving the global economy since the beginning of the fiscal year.

Net sales: 2,958.9 billion yen (+89.9 billion yen / +3.1%)

- Increase in net sales from Energy & Metal due to increase in prices of ferroalloy and precious metal, and growth in precious metal, ferroalloy, and coal unit volumes.

- Increase in net sales from Chemicals & Functional Materials mainly due to increase in trading volumes reflecting demand recoveries in China and elsewhere in Asia and methanol price increases.

Gross profit: 142.5 billion yen (+13.3 billion yen / +10.4%)

- Increase in gross profit due to overseas fertilizer business's profitability improved

- Increase in gross profit from Chemicals & Functional Materials due to higher sales reflecting demand recoveries in China and elsewhere in Asia and methanol price increases.

- Increase in gross profit from Energy & Metal due to sales increase in ferroalloys and increase in trading volumes in coal businesses.

Ordinary income: 33.8 billion yen (+27.2 billion yen / +414.0%)

- Operating income improved due to increase in gross profit

- Increase in equity in earnings of affiliates, including steel-business company

Net income: 14.8 billion yen (+6.8 billion yen / +83.6%)

- Increase owing to increase in ordinary income despite booking of extraordinary losses due to asset reallocations.

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

As of Oct. 29, 2010
 Net sales 4,180.0 billion yen
 Operating income 40.0 billion yen
 Ordinary income 40.0 billion yen
 Net income 12.0 billion yen

Initial assumptions:

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

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

3. Cash dividend per common stock for fiscal 2010

Interim: 1.50 yen per share (paid)

Year-end: 1.50 yen per share (forecast)

Consolidated Statements of Income

(Billions of yen)

	FY2010 3rd quarter YTD			FY2009 3rd quarter YTD		Reasons for change	FY2010 Forecast	
	Results a	1st half	3rd quarter	Results b	Change a - b		c	Percentage achieved a/c
Net sales	2,958.9	1,965.2	993.7	2,869.0	89.9	Energy & Metal +104.3 Chemicals & Functional Materials +52.4 Consumer Lifestyle Business (21.3) Machinery (29.9)	4,180.0	71%
Gross profit	142.5	93.7	48.8	129.2	13.3	Gross profit	202.0	71%
Gross profit margin	4.82%	4.77%	4.91%	4.50%	0.32%	Consumer Lifestyle Business +6.8 Chemicals & Functional Materials +4.8 Energy & Metal +4.1 Machinery (1.2)	4.83%	
Personnel expenses	(59.4)	(39.6)	(19.8)	(59.8)	0.4			
Non-personnel expenses	(46.8)	(31.4)	(15.4)	(48.4)	1.6			
Depreciation	(4.0)	(2.6)	(1.4)	(3.8)	(0.2)			
Subtotal	(110.2)	(73.6)	(36.6)	(112.0)	1.8			
Provision of allowance for doubtful accounts	(0.5)	(0.1)	(0.4)	(2.4)	1.9			
Amortization of goodwill	(3.8)	(2.6)	(1.2)	(3.9)	0.1			
Total selling, general and administrative expenses	(114.5)	(76.3)	(38.2)	(118.3)	3.8		(162.0)	71%
Operating income	28.0	17.4	10.6	10.9	17.1		40.0	70%
Operating income margin	0.95%	0.89%	1.07%	0.38%	0.57%		0.96%	
Interest income	3.3	2.0	1.3	3.5	(0.2)			
Interest expenses	(18.1)	(12.3)	(5.8)	(19.7)	1.6			
Interest expenses - net	(14.8)	(10.3)	(4.5)	(16.2)	1.4			
Dividends income	2.3	1.6	0.7	3.9	(1.6)			
Net financial revenue	(12.5)	(8.7)	(3.8)	(12.3)	(0.2)			
Equity in earnings of affiliates	14.1	11.2	2.9	6.4	7.7	Steel-business company +3.3 Bioethanol production company +2.9		
Other income and expenses - net	4.2	2.3	1.9	1.6	2.6			
Non operating income/expenses - net	5.8	4.8	1.0	(4.3)	10.1		0.0	-
Ordinary income	33.8	22.2	11.6	6.6	27.2		40.0	85%
Gain on sales of noncurrent assets	4.4	1.8	2.6			Gains on sales of an owned ship and an interest		
Gain on sales of investment securities	0.6	0.5	0.1					
Gain on change in equity	0.1	0.1	0.0					
Gain on negative goodwill	0.4	0.3	0.1					
Reversal of allowance for doubtful accounts	1.0	0.8	0.2					
Total extraordinary income	6.5	3.5	3.0	32.8	(26.3)			
Loss on sales and retirement of noncurrent assets	(0.3)	(0.3)	0.0					
Impairment loss	(3.4)	(1.3)	(2.1)					
Loss on sales of investment securities	(0.1)	0.0	(0.1)					
Loss on revaluation of securities	(0.4)	(0.4)	0.0					
Loss on change in equity	(0.9)	(0.7)	(0.2)					
Loss, and provision for loss, on dissolution of subsidiaries and affiliates	(3.5)	(1.1)	(2.4)					
Restructuring losses	(5.0)	(5.0)	-			Losses due to asset reallocations		
Loss on adjustment for changes of accounting standards for asset retirement obligations	(1.0)	(1.0)	-			Start-of-year adjustment due to changes to accounting standards		
Total extraordinary losses	(14.6)	(9.8)	(4.8)	(26.3)	11.7			
(Extraordinary income/losses - net)	(8.1)	(6.3)	(1.8)	6.5	(14.6)		(10.0)	-
Income before income taxes and minority interests	25.7	15.9	9.8	13.1	12.6		30.0	86%
Income taxes: Current	(7.9)	(5.0)	(2.9)	(5.3)	(2.6)			
Deferred	(0.6)	(0.3)	(0.3)	1.0	(1.6)			
Total income taxes	(8.5)	(5.3)	(3.2)	(4.3)	(4.2)			
Income before minority interests	17.2	10.6	6.6	8.8	8.4		15.0	115%
Minority interests in income	(2.4)	(1.5)	(0.9)	(0.8)	(1.6)			
Net income	14.8	9.1	5.7	8.0	6.8		12.0	123%
Core earnings	30.1	20.0	10.1	7.4	22.7			

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, except ratio data)

	Dec. 31 2010	Mar. 31 2010	Change d - e	Reasons for change
	d	e		
Current assets	1,264.6	1,285.3	(20.7)	
Cash and deposits	406.0	455.7	(49.7)	Decrease due to bond redemptions and loan repayments
Notes and accounts receivable - trade	500.8	462.3	38.5	Increase in cigarettes and effect of fiscal year-end date falling on a holiday
Short-term investment securities	12.8	6.1	6.7	
Inventories	231.2	248.6	(17.4)	Decrease in cigarettes etc.
Short-term loans receivable	6.2	7.9	(1.7)	
Deferred tax assets	14.3	13.5	0.8	
Other	101.9	100.2	1.7	
Allowance for doubtful accounts	(8.6)	(9.0)	0.4	
Noncurrent assets	821.3	875.2	(53.9)	
Property, plant and equipment	206.3	222.7	(16.4)	Decrease due to influence of foreign exchange rates etc.
Goodwill	50.9	54.3	(3.4)	
Intangible assets	59.4	60.1	(0.7)	
Investment securities	313.9	327.8	(13.9)	Decrease due to decline in stock prices, foreign exchange rate movements, etc.
Long-term loans receivable	15.6	25.1	(9.5)	
Bad debts	81.1	88.4	(7.3)	
Deferred tax assets	60.7	61.4	(0.7)	
Real estate for investment	51.9	53.3	(1.4)	
Other	41.2	39.3	1.9	
Allowance for doubtful accounts	(59.7)	(57.2)	(2.5)	
Deferred assets	0.3	0.4	(0.1)	
Total assets	2,086.2	2,160.9	(74.7)	
Liabilities	872.6	841.5	31.1	
Notes and accounts payable - trade	415.8	377.4	38.4	Increase due to cigarettes and effect of fiscal year-end date falling on a holiday
Short-term loans payable	262.3	256.7	5.6	Increase due to reclassification of current portion and decrease due to loan payments
Commercial paper	2.0	10.0	(8.0)	
Current portion of bonds	40.0	40.1	(0.1)	Decrease due to bond redemptions (40.1), reclassification of current portion +40.0
Other	152.5	157.3	(4.8)	
Noncurrent liabilities	856.6	942.0	(85.4)	
Bonds payable	103.0	123.6	(20.6)	Reclassification of current portion (40.0), issuance +20.0
Long-term loans payable	697.4	763.1	(65.7)	Decrease due to reclassification of current portion and increase due to raising of long-term funds
Provision for retirement benefits	12.9	13.3	(0.4)	
Other	43.3	42.0	1.3	
Total liabilities	1,729.2	1,783.5	(54.3)	
Capital stock	160.3	160.3	-	
Capital surplus	152.2	152.2	-	
Retained earnings	157.3	146.5	10.8	Net income +14.8, dividend (1.9), effect of changes to accounting standards (1.3)
Treasury stock	(0.2)	(0.2)	0.0	
Total shareholders' equity	469.6	458.8	10.8	
Valuation difference on available-for-sale securities	12.0	14.8	(2.8)	Decrease due to decline in stock prices, foreign exchange rate movements, etc.
Deferred gains or losses on hedges	2.0	2.4	(0.4)	
Revaluation reserve for land	(2.2)	(2.1)	(0.1)	
Foreign currency translation adjustment	(149.6)	(121.5)	(28.1)	Decrease due to overseas subsidiaries' translation adjustments
Total valuation and translation adjustments	(137.8)	(106.4)	(31.4)	
Minority interests	25.2	25.0	0.2	
Total net assets	357.0	377.4	(20.4)	
Total liabilities and net assets	2,086.2	2,160.9	(74.7)	

Gross interest-bearing debt	1,104.7	1,193.5	(88.8)
Net interest-bearing debt	698.7	737.8	(39.1)
Net debt/equity ratio (times)	* 2.11	* 2.09	0.02
Shareholders' equity ratio	* 15.9%	* 16.3%	(0.4%)
Current ratio	144.9%	152.7%	(7.8%)
Long-term debt ratio	72.4%	74.3%	(1.9%)

*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 Third Quarter Ended December 31, 2010 - Supplementary Material

January 31, 2011
Sojitz Corporation

P/L					
	FY2010 Apr.-Dec. Results	FY2009 Apr.-Dec. Results	Change	FY2010 Full-year Forecast (Issued on Oct. 29, 2010)	Achieved
Net sales	2,958.9	2,869.0	89.9	4,180.0	70.8%
Gross profit	142.5	129.2	13.3	202.0	70.5%
Gross profit margin	4.82%	4.50%	0.32%	4.83%	
Machinery	39.6	40.8	(1.2)	60.0	66.0%
Energy & Metal	29.9	25.8	4.1	46.0	65.0%
Chemicals & Functional Materials	27.8	23.0	4.8	37.0	75.1%
Consumer Lifestyle Business	41.0	34.2	6.8	52.0	78.8%
Other	4.2	5.4	(1.2)	7.0	60.0%
Selling, general and administrative expenses	(114.5)	(118.3)	3.8	(162.0)	70.7%
Operating income	28.0	10.9	17.1	40.0	70.0%
Operating income margin	0.95%	0.38%	0.57%	0.96%	
Non-operating income/expenses - net	5.8	(4.3)	10.1	0.0	-
Ordinary income¹	33.8	6.6	27.2	40.0	84.5%
Ordinary income margin	1.14%	0.23%	0.91%	0.96%	
Machinery	(0.1)	(4.5)	4.4	2.0	-
Energy & Metal	19.5	7.3	12.2	25.0	78.0%
Chemicals & Functional Materials	5.8	0.5	5.3	6.0	96.7%
Consumer Lifestyle Business	5.2	(3.9)	9.1	4.5	115.6%
Other	3.4	7.2	(3.8)	2.5	136.0%
Extraordinary income/losses - net	(8.1)	6.5	(14.6)	(10.0)	-
Income before income taxes and minority interests	25.7	13.1	12.6	30.0	85.7%
Income before minority interests	17.2	8.8	8.4	15.0	114.7%
Net income	14.8	8.0	6.8	12.0	123.3%
Machinery	0.4	(4.2)	4.6	0.0	-
Energy & Metal	16.2	20.5	(4.3)	17.0	95.3%
Chemicals & Functional Materials	3.4	0.3	3.1	3.0	113.3%
Consumer Lifestyle Business	0.0	(3.1)	3.1	1.0	-
Other	(5.2)	(5.5)	0.3	(9.0)	-
Core earnings²	30.1	7.4	22.7	40.0	

¹ 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 segment. Additionally, certain changes were made to the methods by which expenses are internally allocated. Results shown for April-December, 2009, are also based on these new segment classifications and expense allocation methods.

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

Main factors behind changes	FY2010 current position and outlook
<p>Machinery Division</p> <ul style="list-style-type: none"> - Decrease in gross profit reflecting decline in earnings of an automotive company in the Central and South America region, despite increase in automotive unit sales and increased trading volumes in the plant-related business. - Increase in ordinary income and net income due to improvements in SG&A expenses and increase in equity in earnings of affiliates. 	<p>Machinery Division</p> <ul style="list-style-type: none"> - Progress is largely in line with our outlook owing to steady progress in automotive businesses in Southeast Asia in addition to improved performance at automotive operating companies in the Russia/NIS region.
<p>Energy & Metal Division</p> <ul style="list-style-type: none"> - Increase in gross profit due to increase in trading volumes in coal businesses in addition to higher prices and increased trading volumes in ferroalloy businesses. - Decrease in net income due to non-recurrence of the previous fiscal year's gains on sales of investment securities, despite dramatic increase in ordinary income reflecting increases in equity in earnings of affiliates attributable to a steel-business company, where performance is firm, and a bioethanol production company, which booked a one-time gain resulting from a business integration. 	<p>Energy & Metal Division</p> <ul style="list-style-type: none"> - Progress is largely on target despite concerns about decreases in production volume in line with lower gas prices.
<p>Chemicals & Functional Materials Division</p> <ul style="list-style-type: none"> - Increase in earnings due to increase in trading volumes resulting from demand recoveries in China and elsewhere in Asia and higher methanol prices. 	<p>Chemicals & Functional Materials Division</p> <ul style="list-style-type: none"> - We expect the division to perform largely in line with our outlook due to increases in trading volumes in response to demand recoveries in China and elsewhere in Asia.
<p>Consumer Lifestyle Business Division</p> <ul style="list-style-type: none"> - Significant increase in gross profit, ordinary income, and net income due to substantial increase in foodstuff business earnings in line with improvements in profitability in the overseas fertilizer businesses. 	<p>Consumer Lifestyle Business Division</p> <ul style="list-style-type: none"> - Progress is on target overall, reflecting the thriving fertilizer business's performance despite weak performance in real estate and textile businesses.
<p>Other</p> <ul style="list-style-type: none"> - Decline in ordinary income due to decrease in equity in earnings of affiliates. - Slight increase in net income owing to non-recurrence of loss on revaluation of securities booked in the previous fiscal year and despite the booking of restructuring losses in the current fiscal year. 	<p>Other</p> <ul style="list-style-type: none"> - Progress is largely on target.

B/S				
	December 31, 2010	March 31, 2010	Change	March 31, 2011 Forecast (Issued on Oct. 29, 2010)
Total assets	2,086.2	2,160.9	(74.7)	2,090.0
Shareholders' equity³	331.8	352.4	(20.6)	330.0
Total net assets	357.0	377.4	(20.4)	-
Shareholders' equity ratio (%)	15.9%	16.3%	(0.4%)	15.8%
Net interest-bearing debt	698.7	737.8	(39.1)	770.0
Net D/E ratio (times)	2.11	2.09	0.02	2.3
Net D/E ratio based on total net assets (times)	1.96	1.95	0.01	-

³ Equity = Total net assets - Minority interests

⁴ 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 Initial assumption	2010 Results		
			Jan. - Sep. '10 Avg.	Oct. -Dec. '10 Avg.	Jan. -Dec. '10 Avg.
Crude oil (Brent)**1 (\$/bbl)	\$62.6/bbl	\$80/bbl	\$77.1/bbl	\$86.5/bbl	\$79.5/bbl
Thermal Coal**2 (\$/t)	\$72.5/t	\$98/t	\$96.0/t	\$108.0/t	\$99.0/t
Molybdenum (\$/lb)	\$11.0/lb	\$15/lb	\$15.7/lb	\$15.7/lb	\$15.7/lb
Nickel (\$/lb)	\$6.7/lb	\$7/lb	\$9.7/lb	\$10.7/lb	\$9.9/lb
Exchange rate**3 (¥/\$)	Dec. year-end ¥93.7/\$	¥90/\$	¥ 89.0/\$	¥ 82.2/\$	¥ 87.3/\$

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

**2 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 averages in the above table differ from our sales prices.

**3 Impact of fluctuations in the exchange rate on earnings: A ¥1/US\$ change alters net sales by approx. ¥4.0 billion, ordinary income by approx. ¥0.2 billion, and shareholders' equity by approx. ¥1.5 billion.

Summary of Consolidated Financial Results for the Third Quarter of Fiscal Year Ending March 31, 2011

January 31, 2011

Sojitz Corporation

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

Listed stock exchange: The first sections of Tokyo and Osaka

Security Code: 2768

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Scheduled filing date of quarterly financial report: February 14, 2011

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 Three Quarters Ended December 31, 2010 (April 1st, 2010 - December 31, 2010)

(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 Three Quarters								
FY2010	2,958,905	3.1	27,968	157.2	33,771	414.0	14,775	83.6
FY2009	2,869,018	(31.9)	10,874	(83.2)	6,570	(89.7)	8,047	(70.5)

	Net Income per Share (EPS)		Adjusted EPS	
	Yen		Yen	
For the First Three Quarters				
FY2010	11.81		11.80	
FY2009	6.49		6.47	

(2) Consolidated Financial Position

	Total Assets	Total Net Assets	Equity Ratio	Net Assets per Share
	Millions of Yen	Millions of Yen	%	Yen
As of				
December 31, 2010	2,086,201	356,956	15.9	265.14
March 31, 2010	2,160,918	377,404	16.3	281.69

(Millions of Yen)

Notes: Shareholders' Equity

As of December 31, 2010 : 331,708

As of March 31, 2010 : 352,417

2. Cash Dividends

	Cash Divided per Share				
	First Quarter	Second Quarter	Third Quarter	Year Ended	Annual
	Yen	Yen	Yen	Yen	Yen
March 31, 2010	-	2.50	-	0.00	2.50
March 31, 2011	-	1.50	-	-	-
March 31, 2011 (forecast)	-	-	-	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	4,180,000	8.7	40,000	148.0	40,000	191.9	12,000	36.5	9.59

Note. Changes in Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2011 : 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 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 : Nc
- (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 December 31, 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 December 31, 2010 : 414,480 As of March 31, 2010 : 408,488
 3. Average number of outstanding shares during the periods:
For the 3rd Quarter ended December 31, 2010(accumulative): 1,251,088,766
For the 3rd Quarter ended December 31, 2009(accumulative): 1,238,071,024

*** 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	Yen	Yen	Yen	Yen	Yen
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 First Three Quarters of Fiscal 2010 (April 1–December 31, 2010)

Economic Environment

The global economy began fiscal 2010 in a gradual recovery trend supported by fiscal and monetary policy measures. In the first three quarters of the fiscal year (April – December 2010), developed European and American economies recovered slowly while Asian economies generally grew briskly. Against such a backdrop, the US economy maintained a positive growth rate, avoiding a recessionary relapse, which had been a concern since 2009, by virtue of corporate earnings' recovery and a pickup in consumer spending. However, the US unemployment rate remained high and the dollar progressively weakened against the yen in response to US monetary policy. Europe overall is in the midst of a mild economic recovery led by Germany, but some European countries are still plagued by lingering concerns about their financial systems. Continued high unemployment and the impact of fiscal austerity across much of Europe pose downside risk to the European economic outlook.

The Japanese economy maintained positive real GDP growth in the first two quarters of fiscal 2010, albeit at a decelerating growth rate. Japan's fiscal third-quarter real GDP growth rate is expected to be negative on a sequential basis amid concerns about a large falloff in consumer demand following a demand surge ahead of the expiration of "eco car" tax concessions and a partial phase-out of the Eco-Point incentive program for home electronics goods. Despite positive news in the form of an equity market rally into year-end, the outlook for Japanese economic recovery remains hazy, clouded by deterioration in corporate profits due to yen appreciation.

With the European, US, and Japanese economies continuing to languish in the face of such concerns, developing economies with high growth rates, mainly in Asia, have emerged as the global economy's main driving force.

Financial Performance

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

Net sales

Consolidated net sales grew 3.1% year on year to ¥2,958,905 million, driven largely by two divisions: Energy & Metal and Chemicals & Functional Materials. The former benefited from higher precious metal and ferroalloy prices and growth in precious metal, ferroalloy, and coal unit volumes. The latter's sales growth was derived largely from higher methanol price and growth in sales of chemicals and synthetic resins amid a recovery in Chinese and other Asian demand.

Gross profit

Consolidated gross profit increased ¥13,381 million year on year to ¥142,543 million. Factors that contributed to the increase include improved earnings in the Consumer Lifestyle Business Division's overseas fertilizer business; growth in the Chemicals & Functional Materials Division's profits by virtue of higher methanol and price and sales growth driven by demand growth in China and elsewhere in Asia; and profit growth in the Energy & Metal Division stemming largely from growth in ferroalloy sales and coal unit volumes.

Operating income

Consolidated operating income increased ¥17,094 million year on year to ¥27,968 million as a result of growth in gross profit and a reduction in general, selling and administrative expenses.

Ordinary income

Consolidated ordinary income grew ¥27,201 million year on year to ¥33,771 million, bolstered by growth in equity in earnings of affiliates, most notably a steel business company.

Extraordinary income and losses

Extraordinary income totaled ¥6,477 million, including a ¥4,367 million gain on sales of noncurrent assets and a ¥977 million reversal of allowance for doubtful accounts. Extraordinary losses totaled ¥14,565 million, including a ¥5,045 million restructuring loss, ¥3,453 million in losses, and provisions for losses, on dissolution of subsidiaries and affiliates, a ¥3,343 million impairment loss, and a ¥960 million charge booked in conjunction with adoption of a new accounting standard for asset retirement obligations. On balance, extraordinary income and losses netted to an extraordinary loss of ¥8,088 million.

Net income

Consolidated income before income taxes and minority interests was ¥25,683 million. After deduction of income tax expense of ¥7,885 million and deferred income taxes of ¥616 million, consolidated net income before adjustment for minority interests was ¥17,181 million. After deduction of ¥2,405 million of minority interests in consolidated subsidiaries' net income, consolidated net income for the first three quarters of fiscal 2010 was ¥14,775 million, a year-on-year increase of ¥6,728 million.

Effective from the first quarter of fiscal 2010, Sojitz revised its business segmentation, reclassifying distribution and services operations related to airlines and airport retail from the "Other" segment into the Consumer Lifestyle Business Division. Please refer to "Group Business Operations" in the following page.

Results for the first three quarters of fiscal 2010 are summarized by business segment below.

Machinery

Net sales declined 4.1% year on year to ¥702,778 million, as increased auto sales to Europe and elsewhere were negated by a decrease in aircraft-related transactions. Net income totaled ¥405 million, a ¥4,643 million year-on-year improvement despite poor earnings performance at a Central and South American auto company. The improvement was largely attributable to growth in equity in earnings of affiliates and reduction in selling, general and administrative expenses.

Energy & Metal

Net sales increased 16.5% year on year to ¥737,352 million, boosted by higher prices and increased unit volumes for ferroalloys and precious metals, among other products. Although we saw an increase in equity in earnings of affiliates, including a steel business company and bioethanol production company, net income nonetheless decreased by ¥4,370 million year on year to ¥16,176 million due to nonrecurrence of a year-earlier gain on sales of investment securities in conjunction with asset reallocations.

Chemicals & Functional Materials

Net sales grew 13.0% year on year to ¥456,685 million, largely as a result of higher methanol price and growth in chemical and synthetic resin transactions fueled by a recovery in Chinese and other Asian demand. Net income also increased, up ¥3,101 million year on year to ¥3,358 million.

Consumer Lifestyle Business

Net sales fell 2.0% year on year to ¥1,027,546 million due to declines in textile and foodstuff unit volumes, but profitability improved substantially, largely by virtue of improved earnings from overseas fertilizer business. Net income totaled ¥28 million, a ¥3,097 million improvement from the year-earlier period.

Other

Net sales were down 31.0% year on year to ¥34,542 million. Although the segment booked business restructuring losses in conjunction with asset reallocations, its net loss for the first three

quarters of the fiscal year improved by ¥846 million to ¥4,275 million by virtue of nonrecurrence of a year-earlier revaluation loss on Japan Airlines Corporation preferred stock holdings.

2. Financial Position

Consolidated Balance Sheet

At December 31, 2010, consolidated assets totaled ¥2,086,201 million, a ¥74,717 million decrease from the preceding fiscal year-end (March 31, 2010). Although trade notes and accounts receivable increased ¥38,541 million due largely to growth in tobacco product sales and the effect of December 31 being a bank holiday, their growth was offset by a ¥49,732 million drawdown in cash and deposits, mainly to repay borrowings and redeem outstanding bonds. Other factors that contributed to the decrease in total assets included a ¥17,399 million reduction in inventories, mainly tobacco inventory; a ¥16,361 million reduction in property, plant and equipment due largely to currency translation effects; and a ¥13,970 million reduction in investment securities holdings, largely due to the effects of exchange rate movements and stock price declines.

Consolidated liabilities totaled ¥1,729,244 million at December 31, 2010, a decrease of ¥54,270 million from March 31, 2010. The decrease was largely attributable to repayment of borrowings and redemption of bonds, partially offset by a ¥38,271 million increase in trade notes and accounts payable due largely to growth in tobacco product sales and the effect of December 31 being a bank holiday. Sojitz consequently ended the fiscal third quarter with a current ratio of 145% and a long-term debt ratio (long-term debt to total debt) of 72%. Net interest-bearing debt (total interest-bearing debt less cash and deposits) at December 31, 2010, totaled ¥698,644 million, a ¥39,145 million decrease from March 31, 2010, resulting in a net-debt-to-equity ratio of 2.10 at December 31.

Shareholders' equity totaled ¥469,628 million at December 31, 2010, a ¥10,809 million increase from March 31, 2010. The increase was attributable to net income for the first three quarters, partially offset by a reduction in retained earnings stemming from payment of dividends and accounting standard changes. In valuation and translation adjustment accounts, net unrealized gains on available-for-sale securities decreased ¥2,800 million while the foreign currency translation adjustment account's balance also decreased, down ¥28,156 million from March 31, 2010. As a result, total net assets inclusive of minority interests decreased ¥20,448 million to ¥356,956 million at December 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 *Shine 2011* medium-term management plan. As a specific measure under this strategy, Sojitz is continuing to shift from short-term to long-term financing to shore up financial structure stability and to maintain its stable financial position by ensuring sufficient short-term liquidity to weather changes in economic and financial environments. In October 2010, Sojitz issued ¥10 billion in straight bonds, one source of long-term funding, following a similar bond issue in May 2010. Sojitz will continue to closely monitor interest rates and market conditions and will consider floating additional bond issues whenever advantageous opportunities to do so arise. Sojitz secures adequate liquidity and stable funding by maintaining good relationships with numerous financial institutions, particularly a group of banks from which it has a ¥100 billion long-term credit line.

3. Consolidated Earnings Forecast

When reporting fiscal first-half earnings on October 29, 2010, Sojitz revised its initial fiscal 2010 consolidated earnings forecast announced on April 30, 2010, in light of its operating performance and exchange rate trends through the fiscal second quarter.

Sojitz's initial fiscal 2010 consolidated earnings forecast was predicated on the following assumptions.

Exchange rate (annual average JPY/US\$): ¥90
Crude oil price (Brent) (annual average US\$/bbl): US\$80

*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.

Group Business Operations

Sojitz Group is engaged in a wide range of businesses on a global basis as a general trading company or sogo-shosha. Our main businesses are trading, import, and export of products, domestic and overseas manufacture and sale of a diverse array of products, provision of domestic and overseas services, planning and organizing of various projects, investment in diversified business areas, and financial activities.

The Group consists of 513 companies, including 481 consolidated subsidiaries and affiliates, of which 343 are subsidiaries and 170 are affiliates.

The following table lists our products, services, and main subsidiaries and affiliates by industry segment.

As of December 31, 2010

Segment	Main products and services	Main subsidiaries and affiliates (Main business; Status within consolidated group)
Machinery	Automobiles and automotive components; automobile-related equipment; construction equipment; ships; vehicles; aircraft and aerospace-related equipment; communication infrastructure equipment; equipment for steel manufacturing, cement plants, chemical plants, etc.; electric power; electronics-related equipment (equipment for power generation, conversion, transmission, etc.); infrastructure business; bearings; industrial generators; various types of industrial machinery; machinery for the processing of metals and related equipment; IT-related business; information processing; computer software development; etc.	<ul style="list-style-type: none"> -Sojitz Machinery Corporation (Trading and sale of general industrial machinery; Subsidiary) - Sojitz Aerospace Corporation (Import, export and domestic sale of aerospace-related and defense-related equipment; Subsidiary) - Sojitz Marine & Engineering Corporation (Sale, purchase and charter brokerage, ship operation management, domestic sale and import/export of marine-related equipment and materials; Subsidiary) - Nissho Electronics Corporation (IT systems, network services; Subsidiary) - MMC Automotoriz, S.A (Import, assembly and sale of automobiles; Subsidiary) - Subaru Motor LLC (Import and exclusive distribution of Subaru automobiles in Russia; Subsidiary) - TechMatrix (IT system consulting; Affiliate) - Densan Co., Ltd., (Information processing, communication service, software development, system provisioning service; Affiliate) - SAKURA Internet Inc. (Internet data center operator; Affiliate) - NextGen (Network services; Affiliate) <p style="text-align: right;">Number of subsidiaries: 101 (Domestic: 20, Overseas: 81) Number of affiliates: 54 (Domestic: 12, Overseas: 42)</p>
Energy & Metal	Oil and gas; petroleum products; coke; carbon products; nuclear fuels; nuclear power-related equipment and machinery; coal; iron ore; ferroalloys (nickel, molybdenum, vanadium, other rare metals); ores; alumina; aluminum; copper; zinc; tin; precious and other metals; ceramics and minerals; floating production strage and offloading unit; infrastructure; energy and chemicals-related projects; LNG-related business; steel-related business; renewable energy-related business; environmental business; etc.	<ul style="list-style-type: none"> -Sojitz Energy Corporation (Sale of petroleum products, etc.; Subsidiary) - Sojitz Ject Corporation (Coke, carbon products, trading in various minerals; Subsidiary) - Tokyo Yuso Co., Ltd. (Stockpiling of petroleum products etc., storage, logistics; Subsidiary) - Sojitz Coal Resources Pty ltc. (Investment in coal mines; Subsidiary) - Sojitz Moly Resources, Inc. (Investment in molybdenum mine; Subsidiary) - Sojitz Energy Venture Inc. (Oil and gas development; Subsidiary) - Metal One Corporation (Import, export, and sale of, and domestic and foreign trading in, steel-related products; Affiliate) - LNG Japan Corporation (LNG business and related investments; Affiliate) - Alconix Corporation (Sale of non-ferrous products and non-ferrous materials for construction and electronics industries; Affiliate) - Coral Bay Nickel Corporation (Manufacture and sale of nickel and cobalt mixed sulfide; Affiliate) - Japan Alumina Associates (Australia) Pty. Ltd. (Manufacture of alumina; Affiliate) - ETH Investimentos S.A. (Bioethanol and sugar manufacturing; Affiliate) <p style="text-align: right;">Number of subsidiaries: 43 (Domestic: 11, Overseas: 32) Number of affiliates: 24 (Domestic: 6, Overseas: 18)</p>
Chemicals & Functional Materials	Organic chemicals; inorganic chemicals; functional chemicals; fine chemicals; industrial salt; cosmetics; foodstuff additives; rare earths; commodity resins; raw materials for plastics including engineering plastics; film sheets for industry, packaging, and foodstuffs; plastic molding machines; other plastic products; electronics materials including liquid crystals and electrolytic copper foil; fiber materials for use in industrial supplies; etc.	<ul style="list-style-type: none"> -Sojitz Pla-Net-Holdings, Inc (Holdings company for Pla-Net businesses; Subsidiary) - Sojitz Pla-Net Corporation (Trading and sale of plastics and related products; Subsidiary) - Pla Matels Corporation (Trading and sale of plastics and related products; Subsidiary) - Sojitz Cosmetics Corporation (Development, product planning and sale of cosmetics; Subsidiary) - P.T. Kaltim Methanol Industri (Manufacture and sale of methanol; Subsidiary) - P.T. Moriuchi Indonesia (Manufacture of industrial fabrics; Affiliate) <p style="text-align: right;">Number of subsidiaries: 30 (Domestic: 14, Overseas: 16) Number of affiliates: 29 (Domestic: 10, Overseas: 19)</p>
Consumer Lifestyle Business	Grains; flour; oils and fats; oilstuff; feed materials; marine products; processed seafood; fruits and vegetables; frozen vegetables; frozen foods; sweets; raw ingredients for sweets; coffee beans; sugar; other foodstuffs and raw ingredients; fertilizers; cotton and synthetic fabrics; non-woven fabrics; knitted fabrics and products; raw materials for textiles; clothing; interior accessories; bedclothes and home fashion-related products; nursery items; general commodities; planning, construction, and sale of condominiums; development and sale of residential properties; buildings-related business; construction works contracting; real estate dealing, leasing, brokerage, management; development of retail property; construction materials; imported timber; timber products such as lumber, plywood, and laminated lumber; building materials; afforestation; manufacture and sale of wood chips	<ul style="list-style-type: none"> - Sojitz Building Materials Corporation (Sale of construction materials; Subsidiary) - Sojitz Foods Corporation (Sale of sugar, dairy products, farmed marine products, processed foods, and other foodstuffs; Subsidiary) - Daiichibo Co., Ltd. (Manufacture and sale of textiles, storage distribution, shopping center management; Subsidiary) - Sojitz Infinity Inc. (Planning, manufacture, and sale of apparel; Subsidiary) - Sojitz General Merchandise Corporation (Import, export and domestic wholesale of general commodities; Subsidiary) - Sojitz General Property Management Corporation (Condominium and office building management; Subsidiary) - Sojitz Fashion Co., Ltd. (Processing and sale of fabrics; Subsidiary) - Singapore Co., Ltd. (Planning, manufacture, and sale of women's clothing; Subsidiary) - Sojitz Commerce Development Corporation (Development, construction, operation, and lease of retail property; Subsidiary) - Sojitz Yoshimoto Ringyo Co., Ltd. (Sale of lumber, plywood, etc.; Subsidiary) - Sojitz Realnet Corporation (Real estate trading and lease broking; Subsidiary) - Thai Central Chemical Public Co., Ltd (Manufacture and sale of fertilizers; sale of imported fertilizer products; Subsidiary) - Vietnam Japan Chip Vung Ang Corporation (Afforestation; manufacture and sale of wood chips; Subsidiary) - Sojitz Now Apparel Ltd. (Garment agent and trader; Subsidiary) - JALUX Inc. (Logistics and services in the in-flight, airport retail, lifestyle-related, and customer service business fields; Affiliate) - Fuji Nihon Seito Corporation (Manufacture, refining, processing and sale of sugar; Affiliate) - Yamazaki-Nabisco Co., Ltd. (Manufacture of sweets; Affiliate) - Nissho Iwai Paper & Pulp Corporation (Sales of pulp and recycled paper as well as paper and paperboard products; Affiliates) - Tachikawa Forest Products (N.Z.) Ltd. (Saw milling; Affiliate) <p style="text-align: right;">Number of subsidiaries: 57 (Domestic: 25, Overseas: 32) Number of affiliates: 35 (Domestic: 11, Overseas: 24)</p>
Other	Administration, domestic branches, logistics and insurance services, venture capital, aircraft leasing, investment in real estate etc., real estate leasing	<ul style="list-style-type: none"> - Sojitz Kyushu Corporation (Domestic regional operating company; Subsidiary) - Sojitz Logistics Corporation (Logistic services; land, sea and air cargo handling; international non vessel operating common carrier (NVOCC) transportation; Subsidiary) - Sojitz Insurance Agency Corporation (Accident insurance and life insurance agency services; Subsidiary) - Sojitz Shared Service Corporation (Shared services and consulting regarding HR, accounting and finance; temporary staffing services; Subsidiary) - Sojitz Aircraft Leasing B. V. (Aircraft operating lease; Subsidiary) <p style="text-align: right;">Number of subsidiaries: 58 (Domestic: 30, Overseas: 28) Number of affiliates: 12 (Domestic: 2, Overseas: 10)</p>
Overseas	We are engaged in wide range of activities as a general trading company, trading in thousands of products overseas.	<ul style="list-style-type: none"> - Sojitz Corporation of America (Subsidiary) - Sojitz Europe plc (Subsidiary) - Sojitz Asia Pte. Ltd (Subsidiary) - Sojitz (Hong Kong) Ltd. (Subsidiary) - Sojitz (China) Co., Ltd. (Subsidiary) <p style="text-align: right;">Number of subsidiaries: 54 (Overseas: 54) Number of affiliates: 16 (Overseas: 16)</p>

Note 1: The following seven companies are listed in the Japanese stock market as of December 31, 2010: JALUX Inc. (TSE 1st section), TechMatrix Corporation, Densan Co., Ltd., Fuji Nihon Seito Corporation (TSE 2nd section), SAKURA Internet Inc. (Mothers), NextGen Inc. and Pla Matels Corporation (JASDAQ).

Note 2: On December 13, 2010, the Company's stake in NextGen, Inc. was diluted by an increase in NextGen's paid-in capital through a private equity placement. As a result, NextGen was reclassified from a subsidiary to an affiliate.

Note 3: On December 22, 2010, the Company's stake in Alconix Corporation was diluted by an increase in Alconix's paid-in capital through a public equity offering. As a result, Alconix ceased to be an affiliate for accounting purposes.

Consolidated Statement of Balance Sheets

(Millions of Yen)

	December 31, 2010	March 31, 2010
Assets		
Current assets		
Cash and deposits	405,996	455,728
Notes and accounts receivable-trade	500,774	462,233
Short-term investment securities	12,840	6,131
Inventories	231,230	248,629
Short-term loans receivable	6,194	7,943
Deferred tax assets	14,255	13,484
Other	101,945	100,216
Allowance for doubtful accounts	(8,681)	(9,089)
Total current assets	1,264,554	1,285,277
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	108,468	112,591
Accumulated depreciation	(52,068)	(51,367)
Buildings and structures, net	56,400	61,224
Machinery, equipment and vehicles	155,430	169,688
Accumulated depreciation	(80,359)	(82,901)
Machinery, equipment and vehicles, net	75,070	86,787
Land	54,991	57,442
Construction in progress	14,407	11,883
Other	15,972	16,303
Accumulated depreciation	(10,536)	(10,975)
Other, net	5,435	5,328
Total property, plant and equipment	206,304	222,665
Intangible assets		
Goodwill	50,856	54,305
Other	59,439	60,139
Total intangible assets	110,295	114,445
Investments and other assets		
Investment securities	313,899	327,869
Long-term loans receivable	15,618	25,113
Bad debts	81,108	88,358
Deferred tax assets	60,653	61,432
Real estate for investment	51,868	53,261
Other	41,214	39,264
Allowance for doubtful accounts	(59,656)	(57,207)
Total investments and other assets	504,706	538,093
Total noncurrent assets	821,306	875,204
Deferred assets	340	436
Total assets	2,086,201	2,160,918

Consolidated Statement of Balance Sheets

(Millions of Yen)

	December 31, 2010	March 31, 2010
Liabilities		
Current liabilities		
Notes and accounts payable-trade	415,739	377,468
Short-term loans payable	262,286	256,652
Commercial papers	2,000	10,000
Current portion of bonds	40,000	40,120
Income taxes payable	4,067	5,949
Deferred tax liabilities	18	44
Provision for bonuses	3,144	5,497
Other	145,402	145,801
Total current liabilities	872,657	841,533
Noncurrent liabilities		
Bonds payable	102,968	123,647
Long-term loans payable	697,386	763,098
Deferred tax liabilities	15,550	14,743
Deferred tax liabilities for land revaluation	806	944
Provision for retirement benefits	12,934	13,280
Provision for directors' retirement benefits	900	931
Other	26,042	25,336
Total noncurrent liabilities	856,587	941,981
Total liabilities	1,729,244	1,783,514
Net assets		
Shareholders' equity		
Capital stock	160,339	160,339
Capital surplus	152,160	152,160
Retained earnings	157,298	146,489
Treasury stock	(169)	(169)
Total shareholders' equity	469,628	458,819
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	12,045	14,845
Deferred gains or losses on hedges	1,996	2,357
Revaluation reserve for land	(2,256)	(2,055)
Foreign currency translation adjustment	(149,706)	(121,550)
Total valuation and translation adjustments	(137,920)	(106,402)
Minority interests	25,248	24,987
Total net assets	356,956	377,404
Total liabilities and net assets	2,086,201	2,160,918

Consolidated Statement of Profit and Loss

(Millions of Yen)

	For the 3rd Quarter of Fiscal Year Ended March 31, 2010 (From April 1, 2009 to December 31, 2009)	For the 3rd Quarter of Fiscal Year Ending March 31, 2011 (From April 1, 2010 to December 31, 2010)
Net sales	2,869,018	2,958,905
Cost of sales	2,739,855	2,816,362
Gross profit	129,162	142,543
Selling, general and administrative expenses	118,287	114,574
Operating income	10,874	27,968
Non-operating income		
Interest income	3,491	3,289
Dividends income	3,898	2,328
Equity in earnings of affiliates	6,443	14,135
Penalty income	3,654	—
Other	9,502	13,454
Total non-operating income	26,989	33,207
Non-operating expenses		
Interest expenses	19,571	18,070
Interest on commercial papers	164	17
Other	11,557	9,317
Total non-operating expenses	31,294	27,404
Ordinary income	6,570	33,771
Extraordinary income		
Gain on sales of noncurrent assets	1,150	4,367
Gain on sales of investment securities	28,470	574
Gain on sales of equity investment without stock	436	6
Gain on change in equity	3	135
Gain on negative goodwill	—	404
Reversal of allowance for doubtful accounts	2,761	977
Gain on bad debts recovered	2	12
Total extraordinary income	32,825	6,477
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	160	348
Impairment loss	1,625	3,343
Loss on sales of investment securities	72	57
Loss on sales of equity investment without stock	1	—
Loss on revaluation of securities	16,681	435
Loss on change in equity	0	921
Loss, and provision for loss, on dissolution of subsidiaries and affiliates	7,752	3,453
Restructuring losses	—	5,045
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	960
Total extraordinary losses	26,294	14,565
Income before income taxes and minority interests	13,101	25,683
Income taxes-current	5,296	7,885
Income taxes-deferred	(1,033)	616
Total income taxes	4,262	8,502
Income before minority interests	—	17,181
Minority interests in income	791	2,405
Net income	8,047	14,775

Consolidated Statement of Profit and Loss

(Millions of Yen)

	For the 3rd Quarter Year Ended March 31, 2010 (From October 1, 2009 to December 31, 2009)	For the 3rd Quarter Year Ending March 31, 2011 (From October 1, 2010 to December 31, 2010)
Net sales	982,619	993,726
Cost of sales	938,567	944,853
Gross profit	44,051	48,873
Selling, general and administrative expenses	38,577	38,283
Operating income	5,474	10,589
Non-operating income		
Interest income	843	1,279
Dividends income	598	775
Equity in earnings of affiliates	3,992	2,961
Penalty income	54	—
Other	3,599	3,733
Total non-operating income	9,089	8,749
Non-operating expenses		
Interest expenses	6,136	5,835
Interest on commercial papers	20	1
Foreign exchange losses	2,238	—
Other	1,145	1,891
Total non-operating expenses	9,541	7,728
Ordinary income	5,022	11,610
Extraordinary income		
Gain on sales of noncurrent assets	87	2,558
Gain on sales of investment securities	5,218	95
Gain on sales of equity investment without stock	4	6
Gain on change in equity	3	18
Gain on negative goodwill	—	117
Reversal of allowance for doubtful accounts	191	149
Gain on bad debts recovered	1	4
Total extraordinary income	5,507	2,949
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	104	0
Impairment loss	291	2,059
Loss on sales of investment securities	2	21
Loss on sales of equity investment without stock	1	—
Loss on revaluation of securities	15,423	30
Loss on change in equity	—	249
Loss, and provision for loss, on dissolution of subsidiaries and affiliates	5,951	2,371
Total extraordinary losses	21,773	4,732
Income(loss) before income taxes and minority interests	(11,243)	9,828
Income taxes-current	1,673	2,874
Income taxes-deferred	(1,405)	346
Total income taxes	267	3,221
Income before minority interests	—	6,606
Minority interests in income	449	950
Net income(loss)	(11,961)	5,656

Consolidated Statements of Cash Flows

(Millions of Yen)

	For the 3rd Quarter of Fiscal Year Ended March 31, 2010 (From April 1, 2009 to December 31, 2009)	For the 3rd Quarter of Fiscal Year Ending March 31, 2011 (From April 1, 2010 to December 31, 2010)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	13,101	25,683
Depreciation and amortization	17,212	18,154
Impairment loss	1,625	3,343
Loss on valuation of investment securities	16,681	435
Amortization of goodwill	3,305	3,421
Increase (decrease) in allowance for doubtful accounts	(420)	2,680
Increase (decrease) in provision for retirement benefits	(2,873)	659
Interest and dividends income	(7,389)	(5,618)
Interest expenses	19,736	18,087
Foreign exchange losses (gains)	(1,714)	5,381
Equity in (earnings) losses of affiliates	(6,443)	(14,135)
Loss (gain) on sales of investment securities	(28,860)	174
Loss (gain) on sales and retirement of noncurrent assets	(989)	(4,019)
Decrease (increase) in notes and accounts receivable-trade	13,923	(49,732)
Decrease (increase) in inventories	68,552	6,591
Increase (decrease) in notes and accounts payable-trade	(24,368)	50,657
Other, net	(16,011)	1,776
Subtotal	65,068	63,541
Interest and dividends income received	15,717	10,885
Interest expenses paid	(19,863)	(17,929)
Income taxes paid	(9,009)	(9,240)
Net cash provided by (used in) operating activities	51,913	47,256
Net cash provided by (used in) investing activities		
Decrease (increase) in time deposits	1,075	5,207
Decrease (increase) in short-term investment securities	43	679
Purchase of property, plant and equipment	(15,615)	(15,529)
Proceeds from sales of property, plant and equipment	3,192	4,541
Purchase of intangible assets	(4,046)	(8,082)
Purchase of investment securities	(13,901)	(1,420)
Proceeds from sales and redemption of investment securities	51,074	6,328
Decrease (increase) in short-term loans receivable	3,279	3,059
Payments of long-term loans receivable	(1,604)	(2,810)
Collection of long-term loans receivable	1,426	9,469
Net increase (decrease) from purchase of consolidated subsidiaries	23	—
Net increase (decrease) from sale of consolidated subsidiaries	(49)	(396)
Other, net	2,598	(2,174)
Net cash provided by (used in) investing activities	27,497	(1,128)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(15,708)	(22,474)
Increase (decrease) in commercial papers	(20,000)	(8,000)
Proceeds from long-term loans payable	97,411	81,922
Repayment of long-term loans payable	(101,097)	(106,267)
Proceeds from issuance of bonds	—	19,900
Redemption of bonds	(23,314)	(40,799)
Proceeds from stock issuance to minority shareholders	13	434
Cash dividends paid	(4,339)	(1,876)
Cash dividends paid to minority shareholders	(326)	(273)
Other, net	(497)	(502)
Net cash provided by (used in) financing activities	(67,859)	(77,936)
Effect of exchange rate change on cash and cash equivalents	3,930	(12,481)
Net increase (decrease) in cash and cash equivalents	15,482	(44,289)
Cash and cash equivalents at beginning of period	414,419	454,262
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	(48)	(436)
Cash and cash equivalents at end of period	429,853	409,536

Notes on the Going-concern Assumption

For the nine months of the fiscal year ending March 31, 2011 (April 1, 2010 – December 31, 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 nine months ended December 31, 2009 and for the three months ended December 31, 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 nine months ended December 31, 2009 (April 1, 2009 – December 31, 2009)

(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 (loss)									
Net sales									
(1) Customers	732,709	633,130	404,286	1,048,848	2,818,974	50,043	2,869,018	-	2,869,018
(2) Inter-segment	4,452	1,152	2,246	1,607	9,459	3,181	12,640	(12,640)	-
Total	737,162	634,283	406,533	1,050,455	2,828,433	53,224	2,881,658	(12,640)	2,869,018
Segment income (loss)	(4,238)	20,546	257	(3,069)	13,495	(5,121)	8,374	(327)	8,047

Notes:

- "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.
- The (327) million yen adjustment for segment income (loss) includes the (1,228) 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 793 million yen in gains associated with unallocated shared corporate assets.
- Segment income (loss) adjustments are based on the net income reported in the quarterly consolidated statement of profit and loss for the corresponding period.

For the nine months ended December 31, 2010 (April 1, 2010 – December 31, 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 (loss)									
Net sales									
(1) Customers	702,778	737,352	456,685	1,027,546	2,924,363	34,542	2,958,905	-	2,958,905
(2) Inter-segment	2,530	1,251	2,978	3,191	9,952	2,599	12,552	(12,552)	-
Total	705,309	738,604	459,664	1,030,737	2,934,315	37,142	2,971,458	(12,552)	2,958,905
Segment income (loss)	405	16,176	3,358	28	19,969	(4,275)	15,693	(917)	14,775

Notes:

- "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.
- The (917) million yen adjustment for segment income (loss) includes the (1,314) 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 415 million yen in gains associated with unallocated shared corporate assets.
- Segment income (loss) adjustments are based on the net income reported in the quarterly consolidated statement of profit and loss for the corresponding period.

For the three months ended December 31, 2009 (October 1, 2009 – December 31, 2009)

(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 (loss)									
Net sales									
(1) Customers	249,711	212,587	146,761	356,114	965,174	17,444	982,619	-	982,619
(2) Inter-segment	1,329	538	1,300	559	3,727	1,379	5,106	(5,106)	-
Total	251,041	213,125	148,061	356,673	968,902	18,823	987,726	(5,106)	982,619
Segment income (loss)	(2,471)	5,581	966	(657)	3,418	(8,426)	(5,007)	(6,953)	(11,961)

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 (6,953) million yen adjustment for segment income (loss) includes the (7,430) 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 467 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.

For the three months ended December 31, 2010 (October 1, 2010 – December 31, 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 (loss)									
Net sales									
(1) Customers	250,007	251,958	155,655	325,230	982,852	10,874	993,726	-	993,726
(2) Inter-segment	702	457	942	1,187	3,290	802	4,092	(4,092)	-
Total	250,710	252,416	156,598	326,417	986,142	11,677	997,819	(4,092)	993,726
Segment income (loss)	(176)	6,275	1,350	(381)	7,067	(1,178)	5,888	(232)	5,656

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 (232) million yen adjustment for segment income (loss) includes the (450) 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 204 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 segment as part of restructuring to realize synergies with areas such as the General Commodities & Retail field.

Segment information for the nine months ended December 31, 2009 and the three months ended December 31, 2009, is based on the new segmentation.

Notes on major changes in the amount of shareholders' equity

Nine months ended December 31, 2010 (April 1 – December 31, 2010)

Effective the first quarter of the fiscal year ending March 31, 2011, the Company adopted the Accounting Standard for Equity Method of Accounting for Investments (ASBJ Statement No. 16, March 10, 2008) and the Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method (ASBJ PITF No. 24, March 10, 2008) and made the appropriate changes to its consolidated financial statements.

Due to this change, retained earnings was reduced by 1,342 million yen versus the start of the fiscal year.