

# Highlights of Consolidated Financial Results for the Third Quarter Ended December 31, 2011

February 1, 2012  
Sojitz Corporation

## Results Highlights

1. Despite increased uncertainty and an economic slowdown due to the prolonged European debt crisis, Sojitz' business results for the nine months ended December 31, 2011 showed a year on year increase for net sales, gross profit and ordinary income. This was mainly attributable to a recovery in commodity prices and demand for products amid solid growth in emerging economies.  
Net income, however, declined as a consequence of reversal of deferred tax assets arising from the revision of Japan's corporate tax law. (figures in brackets represent year-over-year changes)

Net sales: 3,300.6 billion yen (+341.7 billion yen / +11.5%)  
- Increase in net sales from Consumer Lifestyle Business due to higher price and trading volumes of cigarettes and wheat  
- Increase in net sales from Energy & Metal due to increase in price and production volumes of oil and coal

Gross profit: 156.7 billion yen (+14.2 billion yen / +9.9%)  
- Increase in gross profit due to increase in overseas automobile sales units  
- Increase in gross profit from Energy & Metal due to increase in price and production volumes of oil and coal

Ordinary income: 38.5 billion yen (+4.7 billion yen / +13.9%)  
- Operating income improved due to increase in gross profit  
- Decrease in equity in earnings of affiliates

Net income: -13.5 billion yen (-28.3 billion yen / -)  
- Net income decreased compared to the corresponding period of the previous year due to reversal of deferred tax assets owing to the revision of Japan's corporate tax law.

2. Earnings forecast for the fiscal year ending March 31, 2012 (released on December 9, 2011)

Net sales 4,380.0 billion yen  
Operating income 50.0 billion yen  
Ordinary income 46.0 billion yen  
Net income -12.0 billion yen

Initial assumptions:

- Exchange rate (annual average: JPY/US\$ = 80)  
- Crude oil price (US\$/BBL) = 90 (Brent)

3. Cash dividend per common stock for fiscal 2011

Interim: 1.50 yen per share  
Year-end: 1.50 yen per share (forecast)

## Consolidated Statements of Income

(Billions of yen)

	FY2011			FY2010		Reasons for change	FY2011 Forecast	
	Results a	1st half	3rd quarter	Results b	Change a - b		c	Percentage achieved a/c
Net sales	3,300.6	2,195.7	1,104.9	2,958.9	341.7	Consumer Lifestyle Business +248.2 Energy & Metal +41.2 Chemicals & Functional Materials +30.3 Machinery +25.4	4,380.0	75%
Gross profit	156.7	102.2	54.5	142.5	14.2	Gross profit	214.0	73%
Gross profit margin	4.75%	4.65%	4.93%	4.82%	(0.07%)	Machinery +10.1 Energy & Metal +6.0 Chemicals & Functional Materials +1.9 Consumer Lifestyle Business (2.2)	4.89%	
Personnel expenses	(60.1)	(40.1)	(20.0)	(59.4)	(0.7)			
Non-personnel expenses	(47.1)	(31.7)	(15.4)	(46.8)	(0.3)			
Depreciation	(4.5)	(2.9)	(1.6)	(4.0)	(0.5)			
Subtotal	(111.7)	(74.7)	(37.0)	(110.2)	(1.5)			
Provision of allowance for doubtful accounts	(2.3)	(2.1)	(0.2)	(0.5)	(1.8)			
Amortization of goodwill	(4.1)	(2.7)	(1.4)	(3.8)	(0.3)			
Total selling, general and administrative expenses	(118.1)	(79.5)	(38.6)	(114.5)	(3.6)		(164.0)	72%
Operating income	38.6	22.7	15.9	28.0	10.6		50.0	77%
Operating income margin	1.17%	1.03%	1.44%	0.95%	0.22%		1.14%	
Interest income	3.6	2.3	1.3	3.3	0.3			
Interest expenses	(17.6)	(11.7)	(5.9)	(18.1)	0.5			
Interest expenses - net	(14.0)	(9.4)	(4.6)	(14.8)	0.8			
Dividend income	2.6	1.7	0.9	2.3	0.3			
Net financial revenue	(11.4)	(7.7)	(3.7)	(12.5)	1.1			
Equity in earnings of affiliates	10.1	8.1	2.0	14.1	(4.0)	Bioethanol production company (5.0)		
Other income and expenses - net	1.2	0.7	0.5	4.2	(3.0)			
Non operating income/losses - net	(0.1)	1.1	(1.2)	5.8	(5.9)		(4.0)	-
Ordinary income	38.5	23.8	14.7	33.8	4.7		46.0	84%
Gain on sales of noncurrent assets	2.4	2.3	0.1			Gain on sales of owned ships, etc.		
Gain on sales of investment securities	3.5	3.2	0.3			Gains on sales of overseas steel-related shareholdings etc.,		
Total extraordinary income	5.9	5.5	0.4	6.5	(0.6)			
Impairment loss	(1.6)	(0.5)	(1.1)					
Loss on revaluation of investment securities	(6.3)	(2.6)	(3.7)			Loss on listed stock due to a decline in stock prices		
Loss on change in equity	(0.2)	(0.2)	0.0					
Loss, and provision for loss, on dissolution of subsidiaries and affiliates	(2.6)	(2.2)	(0.4)					
Provision for loss on litigation	(2.5)	-	(2.5)					
Other extraordinary losses	(0.6)	(0.3)	(0.3)					
Total extraordinary losses	(13.8)	(5.8)	(8.0)	(14.6)	0.8			
(Extraordinary income/losses - net)	(7.9)	(0.3)	(7.6)	(8.1)	0.2		(0.0)	-
Income before income taxes and minority interests	30.6	23.5	7.1	25.7	4.9		46.0	67%
Income taxes: Current	(9.9)	(6.4)	(3.5)	(7.9)	(2.0)			
Deferred	(31.8)	(5.0)	(26.8)	(0.6)	(31.2)	Reversal of deferred tax assets owing to revision of Japan's corporate tax law, etc.		
Total income taxes	(41.7)	(11.4)	(30.3)	(8.5)	(33.2)			
Income before minority interests	(11.1)	12.1	(23.2)	17.2	(28.3)		(8.5)	-
Minority interests in income	(2.4)	(1.8)	(0.6)	(2.4)	0.0			
Net income (loss)	(13.5)	10.3	(23.8)	14.8	(28.3)		(12.0)	-
Core earnings	39.6	25.2	14.4	30.1	9.5			

## Consolidated Statements of Comprehensive Income

(Billions of yen)

	FY2011			FY2010 (First three quarters) Results
	Results	1st Half	3rd Quarter	
Income before minority interests	(11.1)	12.1	(23.2)	17.2
Other comprehensive income	(45.3)	(17.4)	(27.9)	(32.1)
Comprehensive income	(56.4)	(5.3)	(51.1)	(14.9)
(Breakdown)				
Comprehensive income attributable to owners of the parent	(58.2)	(7.0)	(51.2)	(16.6)
Comprehensive income attributable to minority interests	1.8	1.7	0.1	1.7

Notes:

1. From this term, part of the retail property development business belonging to the Lifestyle Business division has been changed to Other. In the above-mentioned Consolidated Statements of Income, each segment's amount increase or decrease is based on calculations performed after changes to the business segments.

2. Core earnings

Core earnings = Operating income (before provision of allowance for doubtful accounts and write-offs) + Interest expenses-net + Dividend income + Equity in earnings of affiliates

3. Caution regarding Forward-looking Statements

This document contains forward-looking statements based on information available to the company at the time of disclosure and certain assumptions that management believes to be reasonable. Actual results and other outcomes may differ substantially from those expressed or implied by forward-looking statements due to various factors including changes in economic conditions in key markets, both in and outside of Japan, and exchange rate movements. The Company will provide timely disclosure of any material changes, events, or other relevant issues.

## Consolidated Balance Sheets and Principal Management Indices

(Billions of yen, except ratio data)

	Dec. 31	Mar. 31	Change d - e	Reasons for change
	2011 d	2011 e		
<b>Current assets</b>	<b>1,259.9</b>	<b>1,266.7</b>	<b>(6.8)</b>	
Cash and deposits	376.3	415.7	(39.4)	Decrease due to bond redemptions and loan repayments
Notes and accounts receivable - trade	509.4	478.9	30.5	Increase in lumber-related trading volumes and effect of year-end date falling on a holiday
Short-term investment securities	9.0	5.4	3.6	
Inventories	258.1	243.2	14.9	Increase in cigarettes and fertilizers, etc.
Short-term loans receivable	5.5	8.5	(3.0)	
Deferred tax assets	15.6	15.4	0.2	
Other	92.6	106.9	(14.3)	
Allowance for doubtful accounts	(6.6)	(7.3)	0.7	
<b>Noncurrent assets</b>	<b>794.9</b>	<b>850.0</b>	<b>(55.1)</b>	
Property, plant and equipment	226.3	215.8	10.5	Increase in investments and loans in operating company
Goodwill	48.3	51.5	(3.2)	
Intangible assets	76.8	81.1	(4.3)	
Investment securities	294.3	333.0	(38.7)	Decrease due to decline in foreign exchange rate and stock prices, etc.
Long-term loans receivable	20.6	13.4	7.2	
Bad debts	71.4	80.0	(8.6)	
Deferred tax assets	24.2	52.9	(28.7)	Reversal due to Japan's revision of corporate tax law, etc.
Real estate for investment	33.0	34.0	(1.0)	
Other	48.1	48.1	0.0	
Allowance for doubtful accounts	(48.1)	(59.8)	11.7	
<b>Deferred assets</b>	<b>0.3</b>	<b>0.3</b>	<b>0.0</b>	
<b>Total assets</b>	<b>2,055.1</b>	<b>2,117.0</b>	<b>(61.9)</b>	
<b>Liabilities</b>	<b>970.4</b>	<b>890.6</b>	<b>79.8</b>	
Notes and accounts payable - trade	452.0	415.0	37.0	Increase in lumber-related trading volumes and effect of year-end date falling on a holiday
Short-term loans payable	306.1	247.7	58.4	Increase due to reclassification of current portion and decrease due to loan repayments
Commercial paper	2.0	2.0	-	
Current portion of bonds	55.0	60.0	(5.0)	Decrease due to reclassification of current portion +35.0, bond redemption (40.0)
Provision for loss on litigation	2.5	-	2.5	
Other	152.8	165.9	(13.1)	
<b>Noncurrent liabilities</b>	<b>787.6</b>	<b>870.9</b>	<b>(83.3)</b>	
Bonds payable	70.0	82.7	(12.7)	Reclassification of current portion (35.0), redemption (7.7), issuance +30.0
Long-term loans payable	653.1	723.9	(70.8)	Decrease due to reclassification of current portion and increase due to raising of long-term funds
Provision for retirement benefits	13.6	13.1	0.5	
Other	50.9	51.2	(0.3)	
<b>Total liabilities</b>	<b>1,758.0</b>	<b>1,761.5</b>	<b>(3.5)</b>	
<b>Capital stock</b>	<b>160.3</b>	<b>160.3</b>	<b>-</b>	
Capital surplus	152.2	152.2	-	
Retained earnings	142.0	159.4	(17.4)	Net income (13.5), dividends (3.8)
Treasury stock	(0.2)	(0.2)	0.0	
<b>Total shareholders' equity</b>	<b>454.3</b>	<b>471.7</b>	<b>(17.4)</b>	
Valuation difference on available-for-sale securities	(2.1)	12.3	(14.4)	Decrease due to decline in stock prices, etc.
Deferred gains or losses on hedges	1.1	3.0	(1.9)	
Revaluation reserve for land	(2.2)	(2.3)	0.1	
Foreign currency translation adjustment	(182.4)	(154.0)	(28.4)	Decrease due to change in currency
Unfunded retirement benefit obligation with respect to foreign consolidated companies	(0.7)	(0.7)	0.0	
<b>Total other comprehensive income</b>	<b>(186.3)</b>	<b>(141.7)</b>	<b>(44.6)</b>	
Minority interests	29.1	25.5	3.6	
<b>Total net assets</b>	<b>297.1</b>	<b>355.5</b>	<b>(58.4)</b>	
<b>Total liabilities and net assets</b>	<b>2,055.1</b>	<b>2,117.0</b>	<b>(61.9)</b>	
<b>Gross interest-bearing debt</b>	<b>1,086.2</b>	<b>1,116.3</b>	<b>(30.1)</b>	
<b>Net interest-bearing debt</b>	<b>709.9</b>	<b>700.6</b>	<b>9.3</b>	
Net debt/equity ratio (times)	* 2.64	* 2.12	0.52	*The figure for equity used as the denominator in the debt/equity ratio and the numerator in the shareholders' equity ratio excludes minority interests.
Shareholders' equity ratio	* 13.0%	* 15.6%	(2.6%)	
Current ratio	129.8%	142.2%	(12.4%)	
Long-term debt ratio	66.6%	72.3%	(5.7%)	

# Highlights of Consolidated Financial Results for the Third Quarter Ended December 31, 2011 - Supplementary Material

February 1, 2012  
Sojitz Corporation

(Billions of yen)

P/L	FY2011 Apr.-Dec. Results	FY2010 Apr.-Dec. Results	Change	FY2011 Full-year Forecast (as of Dec. 9, 2011)	Achieved
<b>Net sales</b>	<b>3,300.6</b>	<b>2,958.9</b>	341.7	<b>4,380.0</b>	75.4%
<b>Gross profit</b>	<b>156.7</b>	<b>142.5</b>	14.2	<b>214.0</b>	73.2%
Gross profit margin	4.75%	4.82%	(0.07%)	4.89%	
Machinery	49.7	39.6	10.1	68.0	73.1%
Energy & Metal	35.9	29.9	6.0	48.0	74.8%
Chemicals & Functional Materials	29.7	27.8	1.9	39.5	75.2%
Consumer Lifestyle Business	38.8	41.0	(2.2)	54.5	71.2%
Other	2.6	4.2	(1.6)	4.0	65.0%
<b>Selling, general and administrative expenses</b>	<b>(118.1)</b>	<b>(114.5)</b>	(3.6)	<b>(164.0)</b>	72.0%
<b>Operating income</b>	<b>38.6</b>	<b>28.0</b>	10.6	<b>50.0</b>	77.2%
Operating income margin	1.17%	0.95%	0.22%	1.14%	
<b>Non-operating income/expenses - net</b>	<b>(0.1)</b>	<b>5.8</b>	(5.9)	<b>(4.0)</b>	-
<b>Ordinary income<sup>*1</sup></b>	<b>38.5</b>	<b>33.8</b>	4.7	<b>46.0</b>	83.7%
Ordinary income margin	1.17%	1.14%	0.03%	1.05%	
Machinery	6.4	(0.1)	6.5	8.5	75.3%
Energy & Metal	16.5	19.5	(3.0)	27.0	61.1%
Chemicals & Functional Materials	7.9	5.8	2.1	8.5	92.9%
Consumer Lifestyle Business	6.5	6.0	0.5	4.5	144.4%
Other	1.2	2.6	(1.4)	(2.5)	-
<b>Extraordinary income/losses - net</b>	<b>(7.9)</b>	<b>(8.1)</b>	0.2	<b>0.0</b>	-
<b>Income before income taxes and minority interests</b>	<b>30.6</b>	<b>25.7</b>	4.9	<b>46.0</b>	66.5%
<b>Income before minority interests</b>	<b>(11.1)</b>	<b>17.2</b>	(28.3)	<b>(8.5)</b>	-
<b>Net income (loss)</b>	<b>(13.5)</b>	<b>14.8</b>	(28.3)	<b>(12.0)</b>	-
Machinery	2.7	0.4	2.3	3.5	77.1%
Energy & Metal	14.6	16.2	(1.6)	20.5	71.2%
Chemicals & Functional Materials	4.7	3.4	1.3	4.5	104.4%
Consumer Lifestyle Business	1.6	0.6	1.0	1.0	160.0%
Other	(37.1)	(5.8)	(31.3)	(41.5)	-
<b>Core earnings<sup>*2</sup></b>	<b>39.6</b>	<b>30.1</b>	9.5	<b>54.5</b>	

\*1. Effective this fiscal year ending March 31, 2012, a portion of retail property development business was reclassified from the Consumer Lifestyle Business Division to the Other segment. Results for the nine months ended December 31, 2010 are stated based on the business divisions and expense allocation method after the changes were made.

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

## Main factors behind changes

### Machinery Division

- Earnings increased due to the increased number of automobiles sold by automotive businesses in the Russia/NIS region and Central and South America.

### Energy & Metal Division

- Gross profit increased due to higher oil and coal prices and increased production volumes.  
- Equity in earnings of affiliates attributable to a bioethanol production company, which booked a one-time gain during the previous fiscal year, and a steel-business company affected by the decrease in demand for steel products decreased, contributing to a decrease in ordinary income and net income.

### Chemicals & Functional Materials Division

- Earnings increased due to increases in trading volumes and sales prices resulting from increased demand, mainly in Asia.

### Consumer Lifestyle Business Division

- Despite increases in trading volumes of lumber-related businesses, gross profit decreased due to a reduction in trading volumes suffered because overseas fertilizer businesses were affected by price regulations and heavy rain in demand season in Thailand.  
- Ordinary income and net income increased due to improvement in selling, general and administrative expenses and non operating income/losses - net.

### Other

- Decrease due to loss on revaluation of listed stocks and real estate and reversal of deferred tax assets owing to the revision of Japan's corporate tax law.

## FY2011 current position and outlook

### Machinery Division

- We envisage a favorable return for the whole year as a result of the strong business performance of automotive subsidiaries in the Russia/NIS region and Central and South America.

### Energy & Metal Division

- Despite the decline in market conditions for some commodities and the impact of exchange rates, our performance for the whole year is largely on target thanks to the strong performance in oil and coal-related businesses which resulted from higher prices and increased production volume.

### Chemicals & Functional Materials Division

- With increases in trading volumes and sales prices resulting from increased demand, primarily in Asia, we are on course to exceed our full-year target.

### Consumer Lifestyle Business Division

- Since the impact of the Thai floods on overseas fertilizer businesses was milder than anticipated, we expect to exceed our full-year target.

### Other

- Largely on target

## B/S

(Billions of yen)

	December 31, 2011	March 31, 2011	Change	March 31, 2012 Full-year Forecast (as of Nov. 1, 2011)	March 31, 2012 Full-year Forecast (as of Feb. 1, 2012)
<b>Total assets</b>	<b>2,055.1</b>	<b>2,117.0</b>	(61.9)	<b>2,070.0</b>	<b>2,060.0</b>
<b>Shareholders' equity<sup>*3</sup></b>	<b>268.0</b>	<b>330.0</b>	(62.0)	<b>320.0</b>	<b>275.0</b>
Total net assets	297.1	355.5	(58.4)	-	-
<b>Shareholders' equity ratio (%)</b>	<b>13.0%</b>	<b>15.6%</b>	(2.6%)	<b>15.5%</b>	<b>13.3%</b>
<b>Net interest-bearing debt</b>	<b>709.9</b>	<b>700.6</b>	9.3	<b>720.0</b>	<b>690.0</b>
<b>Net D/E ratio (times)</b>	<b>2.64</b>	<b>2.12</b>	0.52	<b>2.25</b>	<b>2.50</b>
Net D/E ratio based on total net assets (times)	2.39	1.97	0.42	-	-

\*3 Shareholders' Equity = Total net assets - Minority interests

\*4 Forward-looking Statements

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## Commodity Prices and Exchange Rates

	FY2010 Average	FY2011 Assumptions	2011 Results		
			Jan. - Sep. '11 Avg.	Oct. -Dec. '11 Avg.	Jan. -Dec. '11 Avg.
<b>Crude oil (Brent)**1</b> (\$/bbl)	\$79.5/bbl	\$90/bbl	\$111.9/bbl	\$109.3/bbl	\$111.3/bbl
<b>Thermal Coal**2</b> (\$/t)	\$99.0/t	\$120/t	\$123.4/t	\$115.1/t	\$121.3/t
<b>Molybdenum</b> (\$/lb)	\$15.7/lb	\$18.5/lb	\$16.2/lb	\$13.4/lb	\$15.5/lb
<b>Nickel</b> (\$/lb)	\$9.9/lb	\$11/lb	\$11.1/lb	\$8.3/lb	\$10.4/lb
<b>Exchange rate**3</b> (¥/\$)	Dec. year-end ¥87.3/\$ Mar. year-end ¥85.2/\$	¥ 80/\$	¥ 80.2/\$	¥ 77.2/\$	¥ 79.5/\$

\*\*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. ¥5.0 billion, ordinary income by approx. ¥0.2 billion, and shareholders' equity by approx. ¥1.2 billion.