

Highlights of Consolidated Financial Results for the Second Quarter Ended September 30, 2013 (IFRS)

November 6, 2013
Sojitz Corporation

Results Highlights

◆ Fiscal 2013, the second year of Medium-term Management Plan 2014: Change for Challenge, has been plagued by the unclear economic conditions in emerging and resource-rich countries. Nevertheless, conditions in developed countries have proved relatively firm. Sojitz's net sales (JGAAP) for the first half ended September 30, 2013, were up due to higher revenues associated with completed overseas orders for large-scale steelmaking facilities as well as with overseas automotive businesses. This counteracted the impacts of the divestment of a petroleum product sales subsidiary. Similarly, gross profit increased following solid performance in overseas automotive businesses as well as firm fertilizer and chemical sales in Southeast Asia. Profit for the period (attributable to the owners of the Company) also increased, largely by virtue of operating profit growth and an increase in share of profit of investments accounted for using the equity method, the latter of which was largely attributable to the exclusion from consolidation of a bioethanol production company. (Figures in parentheses are year-on-year changes)

Net sales (JGAAP) 2,002.2 billion yen (+42.4 billion yen / +2.2%)

- Increase in net sales in the Machinery Division due to completed overseas orders for large-scale steelmaking facilities and benefits of yen depreciation in overseas automotive businesses

- Increase in net sales in the Consumer Lifestyle Business Division due to increased wheat trading volumes and the benefits of yen depreciation in overseas fertilizer businesses

- Decrease in net sales in the Energy & Metal Division due to the impacts of the divestment of a petroleum product sales subsidiary

Gross profit 99.5 billion yen (+4.4 billion yen / +4.6%)

- Increase in gross profit in the Machinery Division due to increase in gross profit in the overseas automotive businesses

- Increase in gross profit in the Consumer Lifestyle Business Division due to increase in gross profit in the overseas fertilizer businesses

Operating profit 21.3 billion yen (+1.9 billion yen / +9.8%)

- Increase in operating profit due to increase in gross profit

Profit for the period (attributable to owners of the Company)

14.0 billion yen (+1.6 billion yen / +12.9%)

- Increase in profit for the period (attributable to owners of the Company) due to growth in operating profit and in share of profit of investments accounted for using the equity method

◆ Earnings forecast for the fiscal year ending March 31, 2014

Net sales (JGAAP) 4,280.0 billion yen

Operating profit 38.0 billion yen

Profit before tax 45.0 billion yen

Profit for the year (attributable to owners of the Company) 25.0 billion yen

◆ Assumptions

Exchange rate (annual average: JPY/US\$) : 95

Crude oil price (US\$/BBL) : 105 (Brent)

◆ Cash dividend per common stock for the fiscal year ending March 31, 2014

Interim 2.00 yen per share

Year end 2.00 yen per share (forecast)

*1 Net sales (JGAAP) is a measure generally used by Japanese general trading companies and represents the aggregate value of the transactions for which the Group acts as a principal or agent. It is not to be construed as equivalent to, or a substitute for, revenues under IFRS.

*2 Core earnings = Gross profit + Selling, general and administrative expenses (before provision of allowance for doubtful accounts and write-offs) + Net interest expenses + Dividend income + Share of profit (loss) of investments accounted for using the equity method

*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. Sojitz makes no assurances as to the actual results and/or other outcomes, which may differ substantially from those expressed or implied by such 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 Statements of Profit or Loss

	(Billions of yen)					Reasons for the difference	FY2013 Forecast	Percentage achieved a/c
	FY2013 1st Half			FY2012 1st Half				
	Results a	1Q Results	2Q Results	Results b	Difference a-b			
Net sales (JGAAP) *1	2,002.2	1,007.4	994.8	1,959.8	42.4			
Gross Profit	99.5	50.0	49.5	95.1	4.4			
Gross profit margin	4.97%	4.96%	4.98%	4.85%	0.12%			
Selling, general and administrative expenses								
Personnel expenses	(39.9)	(20.1)	(19.8)	(40.0)	0.1			
Non-personnel expenses	(32.3)	(16.4)	(15.9)	(32.3)	0.0			
Depreciation	(3.2)	(1.6)	(1.6)	(3.6)	0.4			
Provision of allowance for doubtful accounts	(1.2)	0.1	(1.3)	0.4	(1.6)			
(Total selling, general and administrative expenses)	(76.6)	(38.0)	(38.6)	(75.5)	(1.1)	(163.0)		
Other income/expenses								
Gain/loss on sale and disposal of fixed assets, net	(0.1)	(0.1)	0.0	0.9	(1.0)			
Impairment loss on fixed assets	(0.3)	(0.2)	(0.1)	(0.8)	0.5			
Gain on sale of subsidiaries/associates	0.5	0.1	0.4	0.1	0.4			
Loss on reorganization of subsidiaries/associates	(0.2)	(0.2)	0.0	(0.4)	0.2			
Other operating income/expenses	(1.5)	(0.4)	(1.1)	0.0	(1.5)			
(Total other income/expenses)	(1.6)	(0.8)	(0.8)	(0.2)	(1.4)	(8.0)		
Operating profit	21.3	11.2	10.1	19.4	1.9	38.0	56%	
Financial income/costs								
Interests earned	2.7	1.4	1.3	2.5	0.2			
Interest expenses	(10.2)	(5.2)	(5.0)	(11.0)	0.8			
(Interest expenses, net)	(7.5)	(3.8)	(3.7)	(8.5)	1.0			
Dividends received	1.8	1.3	0.5	1.7	0.1			
Other financial income/costs	0.0	0.0	0.0	0.2	(0.2)			
(Financial income/costs, net)	(5.7)	(2.5)	(3.2)	(6.6)	0.9	(16.0)		
Share of profit (loss) of investments accounted for using the equity method	10.7	5.3	5.4	6.6	4.1	23.0		
Profit before tax	26.3	14.0	12.3	19.4	6.9	45.0	58%	
Income tax expenses	(9.4)	(4.7)	(4.7)	(4.4)	(5.0)	(16.0)		
Profit for the period	16.9	9.3	7.6	15.0	1.9	29.0	58%	
(Profit attributable to)								
Owners of the Company	14.0	7.9	6.1	12.4	1.6	25.0	56%	
Non-controlling interests	2.9	1.4	1.5	2.6	0.3	4.0		
Revenue	904.0	459.7	444.3	903.5	0.5			
Core earnings *2	29.1	14.7	14.4	19.0	10.1	53.0		

Comprehensive Income

	(Billions of yen)				
	FY2013 1st Half			FY2012 1st Half	
	Results a	1Q Results	2Q Results	Results b	Difference a-b
Profit for the period	16.9	9.3	7.6	15.0	1.9
Other comprehensive income	29.4	16.8	12.6	(25.9)	55.3
Total comprehensive income for the period	46.3	26.1	20.2	(10.9)	57.2
Comprehensive income attributable to:					
Owners of the Company	43.0	24.3	18.7	(13.0)	56.0
Non-controlling interests	3.3	1.8	1.5	2.1	1.2

Cash Flows

	(Billions of yen)	
	FY2013	FY2012
	1H Results	1H Results
Cash flows from operating activities	41.8	47.5
Cash flows from investing activities	(12.3)	(19.7)
Free cash flows	29.5	27.8
Cash flows from financing activities	(29.4)	(51.8)
Cash and cash equivalents at the end of the period	428.0	396.2

Consolidated Statements of Financial Position

	(Billions of yen)			Reasons for the difference
	Sep. 30	Mar. 31	Difference d-e	
	2013 d	2013 e		
Current assets	1,286.8	1,291.2	(4.4)	
Cash and cash equivalents	428.0	424.4	3.6	
Time deposits	10.7	9.3	1.4	
Trade and other receivables	491.3	508.7	(17.4)	Decrease due to the end of previous fiscal year being a holiday
Inventories	298.7	297.4	1.3	
Other current assets	58.1	51.4	6.7	
Non-current assets	878.7	858.9	19.8	
Property, plant and equipment	230.3	231.8	(1.5)	
Goodwill	46.0	45.7	0.3	
Intangible assets	58.5	63.3	(4.8)	
Investment property	36.0	40.1	(4.1)	
Investments accounted for using the equity method and other investments	428.4	394.1	34.3	Increase due to change in stock prices
Other non-current assets	79.5	83.9	(4.4)	
Total assets	2,165.5	2,150.1	15.4	
Current liabilities	786.5	849.0	(62.5)	
Trade and other payables	506.7	515.6	(8.9)	
Bonds and borrowings	209.0	258.4	(49.4)	Decrease due to redemption of bonds (20.0) and repayment of borrowings
Other current liabilities	70.8	75.0	(4.2)	
Non-current liabilities	919.9	889.8	30.1	
Bonds and borrowings	846.0	818.6	27.4	Issuance of bonds +20.0
Retirement benefits liabilities	16.7	16.2	0.5	
Other non-current liabilities	57.2	55.0	2.2	
Total liabilities	1,706.4	1,738.8	(32.4)	
Share capital	160.3	160.3	-	
Capital surplus	146.5	146.5	0.0	
Treasury stock	(0.1)	(0.1)	0.0	
Other components of equity	91.2	62.8	28.4	Increase due to change in foreign exchange rates and stock prices
Retained earnings	29.7	13.1	16.6	Profit for the period +14.0, dividends (1.9)
Total equity attributable to owners of the Company	427.6	382.6	45.0	
Non-controlling interests	31.5	28.7	2.8	
Total equity	459.1	411.3	47.8	
Total liabilities and equity	2,165.5	2,150.1	15.4	
Gross interest bearing debt	1,055.0	1,077.0	(22.0)	
Net interest bearing debt	616.3	643.3	(27.0)	
Net debt/equity ratio (times) *	1.44	1.68	(0.24)	
Equity ratio *	19.7%	17.8%	1.9%	
Current ratio	163.6%	152.1%	11.5%	
Long-term debt ratio	80.2%	76.0%	4.2%	

* "Total equity attributable to owners of the Company" is as recognized as "Total equity," and is consequently used in the denominator of "Net interest bearing debt" and the numerator of "Equity ratio."

Highlights of Consolidated Financial Results for the Second Quarter Ended September 30, 2013 (IFRS) - Supplementary Material

November 6, 2013

Sojitz Corporation

(Billions of yen)

Profit or Loss

	FY 2013 1H Results	FY 2012 1H Results	Difference	FY 2013 Initial Full-year Forecast (May 8, 2013)	Achieved	FY 2013 Revised Full-year Forecast (Nov. 6, 2013)
Net sales (JGAAP) *1	2,002.2	1,959.8	+ 42.4	4,280.0	46.8%	4,280.0
Gross profit	99.5	95.1	+ 4.4	209.0	47.6%	209.0
Gross profit margin	(4.97%)	(4.85%)	(+0.12%)	(4.88%)		(4.88%)
Machinery	36.0	31.9	+ 4.1	79.0	45.6%	79.0
Energy & Metal	10.4	16.3	(5.9)	28.5	36.5%	25.0
Chemicals	18.9	17.1	+ 1.8	37.5	50.4%	37.5
Consumer Lifestyle Business	29.3	26.3	+ 3.0	56.0	52.3%	58.5
Other	4.9	3.5	+ 1.4	8.0	61.3%	9.0
Selling, general and administrative expenses	(76.6)	(75.5)	(1.1)	(163.0)		(163.0)
Other income/expenses	(1.6)	(0.2)	(1.4)	(8.0)		(8.0)
Operating profit	21.3	19.4	+ 1.9	38.0	56.1%	38.0
Financial income/costs	(5.7)	(6.6)	+ 0.9	(16.0)		(16.0)
Share of profit (loss) of investments accounted for using the equity method	10.7	6.6	+ 4.1	23.0		23.0
Profit before tax	26.3	19.4	+ 6.9	45.0	58.4%	45.0
Profit for the period	16.9	15.0	+ 1.9	29.0	58.3%	29.0
Attributable to owners of the Company	14.0	12.4	+ 1.6	25.0	56.0%	25.0
Machinery	1.6	(0.3)	+ 1.9	5.5	29.1%	5.5
Energy & Metal	4.1	3.0	+ 1.1	16.0	25.6%	10.0
Chemicals	4.0	3.4	+ 0.6	5.5	72.7%	6.5
Consumer Lifestyle Business	5.0	3.5	+ 1.5	8.5	58.8%	10.0
Other	(0.7)	2.8	(3.5)	(10.5)	-	(7.0)
Non-controlling interests	2.9	2.6	+ 0.3	4.0		4.0
Revenue	904.0	903.5	+ 0.5	-		-
Core earnings *2	29.1	19.0	+ 10.1	53.0		53.0

*1 Net sales (JGAAP) is a measure generally used by Japanese general trading companies and represents the aggregate value of the transactions for which the Group acts as a principal or agent. It is not to be construed as equivalent to, or a substitute for, revenues under IFRS.

*2 Core earnings = Gross profit + Selling, general and administrative expenses (before provision of allowance for doubtful accounts and write-offs) + Net interest expenses + Dividend income + Share of profit (loss) of investments accounted for using the equity method

(Billions of yen)

Financial Position

	Sep. 30, 2013	Mar. 31, 2013	Difference	FY 2013 Initial Full-year Forecast (May 8, 2013)	FY 2013 Revised Full-year Forecast (Nov. 6, 2013)
Total assets	2,165.5	2,150.1	+ 15.4	2,210.0	2,210.0
Total equity *3	427.6	382.6	+ 45.0	410.0	430.0
Total equity	(459.1)	(411.3)	(+ 47.8)	-	-
Equity ratio (%)	19.7%	17.8%	+ 1.9%	18.6%	19.5%
Net interest-bearing debt	616.3	643.3	(27.0)	695.0	675.0
Net D/E ratio (times)	1.44	1.68	(0.24)	1.70	1.57
Net D/E ratio based on total equity (times)	1.34	1.56	(0.22)	-	-
Risk assets	340.0	340.0	+ 0.0	-	-
Ratio of risk assets to equity (times)	0.8	0.9	(0.1)	-	-

*3 "Total equity attributable to owners of the Company" is recognized as "Total equity" in bold above, and is also used in the denominator of "Net interest-bearing debt" and the numerator of "Equity ratio."

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Main Factors behind Differences

- Machinery Division
 - Profit grew due to firm overseas automotive businesses as well as a rise in plant-related transactions.
- Energy & Metal Division
 - Profit for the period was up due to a decrease in share of loss of investments accounted for using the equity method as well as a decline in income tax expenses. These factors effectively offset the decline in gross profit resulting from lower prices for mineral resources and charges related to amortization of certain mining interests.
- Chemicals Division
 - Profits increased due to the solid volume of transactions related to chemicals products in Asia.
- Consumer Lifestyle Business Division
 - Profit growth was supported in particular by strong overseas fertilizer businesses.
- Other
 - Despite the gross profit increase supported by the income associated with asset replacements, profits went down due to increase of income tax expenses.

FY2013 Current Position and Outlook

- Machinery Division
 - We expect to meet full-year targets due to solid performance in overseas automotive businesses and plant-related transactions.
- Energy & Metal Division
 - Full-year targets were reduced in reflection of lower prices for mineral resources and higher charges related to amortization of certain mining interests.
- Chemicals Division
 - Full-year targets were raised in consideration of the solid volume of transactions related to chemical products in Asia.
- Consumer Lifestyle Business Division
 - Full-year targets were raised mainly as a reflection of the favorable performance seen in overseas fertilizer businesses during first half of the fiscal year.
- Other
 - Full-year targets were raised in consideration of income increases associated with the sale of asset as well as projected improvements in the balance of other income and expenses.

Commodity Prices and Exchange Rates

	FY 2013 Initial Assumption (Annual Avg.)	FY2013 Results Apr.-Sep.'13 Avg.	FY 2013 Revised Assumption (Second Half Avg.)	FY2013 latest data (as of October 31, 2013)
Crude oil (Brent) **1 (\$/bbl)	\$105/bbl	\$106.3/bbl	\$105/bbl	\$108.8/bbl
Thermal Coal **2 (\$/t)	\$95/t	\$92.5/t	\$85/t	\$85.8/t
Molybdenum (\$/lb)	\$12.5/lb	\$10.1/lb	\$10.0/lb	\$9.7/lb
Nickel **3 (\$/lb)	\$8.0/lb	\$7.3/lb	\$6.7/lb	\$6.6/lb
Copper **3 (\$/t)	\$8,000/t	\$7,537/t	\$7,300/t	\$7,234/t
Exchange rate **4 (¥/\$)	¥95.0/\$	¥98.6/\$	¥95.0/\$	¥98.5/\$

**1 Impact of fluctuations in the crude oil price on earnings: A \$1/bbl change alters profit for the year (attributable to owners of the Company) by approx. ¥0.1 billion.

**2 Actual thermal coal prices are the general trading price based on market data and differ from the Company's sales price.

**3 The price assumptions of nickel and copper are based on the annual average from Jan. to Dec.

**4 Impact of fluctuations in the exchange rate on earnings: A ¥1/US\$ change alters gross profit by approx. ¥0.4 billion, profit for the year (attributable to owners of the Company) by approx. ¥0.2 billion, and total equity by approx. ¥1.5 billion.