Business Report & Financial Statements

Fiscal Year 2008

(From April 1, 2008, to March 31, 2009)

Sojitz Corporation

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This document contains forward-looking statements about Sojitz's future plans, strategies, beliefs and performance that are not historical facts. Such statements are based on the Company's assumptions and beliefs in light of competitive, financial and economic data currently available and are subject to a number of risks, uncertainties and assumptions that, without limitation, relate to world economic conditions, exchange rates and commodity prices. Accordingly, Sojitz cautions readers that actual results may differ materially from those projected in this document.

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Business Report

(From April 1, 2008, to March 31, 2009)

1. Current Circumstances of the Sojitz Group

(1) Review of Progress and Performance in Operations

Economic Climate

During the consolidated year-to-date (hereinafter called FY2008), the world economy got off to a steady start, supported by expansion of markets led by the emerging nations and nations with resources, in spite of the lingering sense of uncertainty in the financial systems of the United States and Europe, stemming from the US subprime mortgage crisis.

However, from September, a financial crisis manifested itself in the United States and Europe, and there was a fall-off in demand due to global spread of a credit crunch, followed by rapid deterioration of the real economy.

In Japan, a steep decline in exports brought on a drop of capital investment and deterioration in the employment situation, followed by stagnation of personal consumption, and Japan’s economy entered a slump.

All of the developed countries, that is, the United States, the European countries including the United Kingdom, Germany, France, and Japan as well, experienced negative growth, and meanwhile there was an unavoidable slowdown in growth in emerging nations and developing nations. As a result, asset values, including those of financial assets, fell.

Sojitz Group Performance

In FY2008, the Sojitz Group (the “Group”) performed as outlined below.

Net sales

In FY2008, consolidated net sales totaled 5,166,182 million yen—a 10.5% decrease over the previous year. A year-on-year comparison of net sales by transaction type shows a 30.8% decrease in sales revenues for exports, affected by a change in accounting standards of overseas subsidiaries, and a decrease in the Chemicals & Plastics Division. Import sales decreased 3.9%, due to a decline in aircraft-related transactions. Domestically, a decline in transactions in the Chemicals & Plastics Division resulted in a decrease of revenue by 7.0%, while internationally, revenues decreased by 8.4%, due to reduction in automobile-related transactions.

When looking at sales by product division, divisions overall recorded decreases in revenue in a year-on-year comparison, with 14.0% in the Machinery & Aerospace Division, resulting from a decrease in revenues in the aircraft business, 3.9% in the Energy & Mineral Resources Division, resulting from a decline in petroleum product transactions, 8.6% in the Chemicals & Plastics Division, resulting from a decline in demand due to deterioration of the economy, and 19.9% in the Real Estate Development & Forest Products Division due to deterioration of real estate market conditions, and 0.3% for the Consumer Lifestyle Business Division, due to rebuilding of the textiles business, despite an increase in revenues from the foods business.

Gross profit

Despite an increase in profit in the Energy & Mineral Resources Division, thanks to favorable conditions of coal companies, due to the impact of the recession in the economy from the third quarter of the fiscal year, respective divisions, including the Real Estate Development & Forest Products Division, recorded decreases in profits, with gross profit at 235,618 million yen, a decrease by 15.2% over the previous year.

Operating income

While there was a decline in selling, general and administrative expenses, due to decrease in gross profit, operating income decreased by 43.7% over the previous year, to 52,006 million yen.

Ordinary income

Because affiliates in the area of energy & mineral resources, which were in favorable condition in the previous term, recorded decreases in profit due to the deterioration in market conditions in the current fiscal year, equity in earnings of affiliates decreased, and ordinary income was 33,636 million yen, a decrease of 66.9% from the previous year.

Extraordinary income and loss

Extraordinary income included: 30,764 million yen in gain on sales of investment securities; 6,806 million yen in gain on sales of noncurrent assets, for a total of 41,125 million yen.

Extraordinary loss included: 15,132 million yen in loss on revaluation of securities as a result of decline of stock prices of listed stock; 12,151 million yen in impairment loss resulting from reconsideration of assets of subsidiaries and affiliates; 5,421 million yen in loss on valuation of inventories due to change in accounting standards relating to inventories, for a total of 37,691 million yen. Overall, extraordinary income outweighed losses by 3,434 million yen.

Net income

Income before income taxes and minority interests for FY2008 was 37,070 million yen. From this, 19,229 million yen in income taxes current and 2,490 million yen in income taxes deferred were recorded, and 1,330 million yen in minority interests in income was deducted as well, resulting in a net income of 19,001 million yen, a 69.7% decrease compared with the previous year.

Below is an overview of the Group's business by product division
Please note that, from the nine-month period ended December 2008, IT-related businesses, which used to be in the Other segment, was changed to be included in the Machinery & Aerospace segment, as a result of reorganization aiming at realizing synergies with the Machinery & Aerospace business.

Machinery & Aerospace

Automotive

Exports of complete built-up (CBU) vehicles and exports of Complete Knock Down (CKD) components centering on newly emerging countries remained strong in the first half. However, the automotive industry was inevitably involved in the effects of the drastic changes in the world economy in the second half, and unavoidably recorded decreased profits. As for exports to Russia and the Ukraine in particular, revenues declined dramatically together with the decline of local currencies. In the midst of such changes in the economic environment, Sojitz will work to further improve its profit structure via such things as risk management and predictor management, as it works to rebuild its business model.

The Company exports Mitsubishi and Hyundai vehicles and knockdown components to the Central and South America regions, and engages in assembly, manufacturing and distribution locally, and has just bought out the Hyundai distribution business in Puerto Rico, which is located in Central and South America, and commenced operations, and by so doing will strengthen its overseas sales business.

Plant

The first half was progressing smoothly with receiving an order for a large plant in Africa, which is expected to experience latent economic growth, in addition to Asia, and an order for plant equipment for Russia. In the second half, we came under the influence of the drastic changes in the world economy, such as the postponement of some projects.

In the midst of such changes in the economic environment, negotiations on large-scale plants in Russia and NIS, Africa and India are still ongoing, and in particular, we will move forward to achieve major plant transactions and major, superior projects accompanying our investments, centering on the steel and fertilizer businesses in particular. At the same time, in order to build a new business foundation, we will promote investment in environmental areas (solar power generation, water treatment).

Industrial Systems and Bearings

Sales of Fuji Machine Mfg. surface-mounted technology (SMT) equipment in Southeast Asia, Brazil India and China through our sales and service subsidiaries remained strong in the first half; however, in the second half, slower growth of the semiconductor cycle coincided with the drastic changes in the world economy, and sales decreased considerably. Meanwhile, in a sales alliance with a Korean inspection machine maker, we enhanced our product and sales network, and also worked to create added value by handling electronic components and materials. Moreover, the bearing business, centering on product sales and manufacturing businesses in China, also recorded decreased sales in the second half, but we worked hard to reinforce sales by building sales systems and expanding the marketing area in Asia and other regions.

ICT (information and communications technology)

Sojitz carried out a TOB (Take Over Bid) for the common stock of our subsidiary, Nissho Electronics Corporation, in March 2009. We will position the relevant company as the core company in Sojitz's ICT business and aim at further growth by working towards a unification of strategy. What is more, in our aggressive promotion of expansion of group business in the ICT segment, we will deepen the collaborative relationships with the Group companies, Sakura Internet Inc. (data center company) and NetEnrich Inc. (IT Infrastructure remote monitoring service company).

Commercial Aircraft

The Boeing Company, the world's leading aerospace company, that Sojitz is working for as a sales consultant in imports and sales to Japanese major airlines, successfully delivered a total of 18 aircraft - including large airplanes such as Boeing 777- to All Nippon Airways and Japan Airlines. We also represent Bombardier Inc., Canada, in sales of regional and specialized aircraft. We got order of three additional MPA: Maritime Patrol Aircraft for the Japan Coast Guard. The plan for introduction of aircraft to succeed the Japan Coast Guard's retiring YS-11 is projected to be realized with a total of eight MPA . Of those, we have successfully delivered the first three aircraft to Japan Coast Guard.

Bombardier also signed the contract with All Nippon Airways for additional three DHC-Q400NextGen turbo prop passenger airplanes. Moreover, with a focus on the business jet, where growth is expected worldwide, to reinforce our operations in the sector, we invested in a flight company that has a US charter flight license. We also made efforts to expand our business domain, starting with efforts in the areas of aircrafts parts, crew training and the like.

Defense

After delivering the first of eight Boeing AH-64D Apache helicopters to the Japan Ground Self Defense Forces in March 2006, we completed the delivery of the remaining seven right on time. In this fiscal year simulators for pilot training were also delivered, and preparations are underway to ensure that the helicopters are ready for full use by local forces starting in 2009.

Marine

Conditions in the ocean freight market, which had been steadily solid for the past few years, declined drastically in FY2008 under the impact of the drastic changes in the world economy, and in the fourth quarter of FY2008 recorded the lowest level in roughly 20 years. However, market conditions started to recover along with the recovery of freight movement. In addition, at newly-emerged shipyards in China and Korea, there was a flurry of cancellations of vessels slated for construction; however, since the Group had been very selective in choosing its transaction partners, there was almost no impact from that event. In this situation, our marine business pushed forward the replacement of assets through sales of old vessels and procurement of new vessels, renewing our all-time-high record.

<u>Energy & Mineral Resources</u>

Energy & Nuclear Power

In its oil and gas upstream businesses, the Company acquired concession rights in Australia for the first time in its history, and also succeeded in exploration on its land crude oil and gas areas in Egypt, increasing the value of its concession rights, and promoting creation of a regionally well-balanced concession rights portfolio. Meanwhile, in the downstream business, we acquired rights to export and distribute ETBE biofuel (materials made by bioethanol and petroleum gas compounded) to the Europe and Asian markets, including Japan, from Braskem S.A., the biggest ETBE manufacturer in South America. ETBE is now used mainly in Europe and an increase of ETBE demand in Japan is expected. We commenced importing to Japan, thereby reinforcing our system to meet next-generation energy demand.

In the nuclear power-related business, we concluded a basic agreement with the Republic of Uzbekistan, which is one of the largest uranium producer countries in the world, with respect to exploration and development of its uranium resources. In addition, we have decided to invest in the new uranium enrichment business of Areva NC, the world's largest nuclear fuel manufacturer in France, and this is the first participation by a Japanese company in a uranium enrichment business overseas. Results for LNG Japan Corporation, with 50% capital financing from Sojitz, continued contributing to Sojitz consolidated profits, due to stable dividend income from concession rights holdings and the steady trend in volume of imports to Japan, despite declines in the prices of petroleum oil and gas in the second half.

Mineral Resources

In the mineral resources business, we continued to invest in focal areas such as determining the expansion plan for BHP Billiton Worseley Alumina Pty. Ltd., an existing large-scale Alumina refining business in Australia, and work on expanding business aiming at optimal portfolio balance centering on expansion of existing concession rights, not only with respect to our strength in rare metals, but also for nonferrous metals overall. Moreover, we ourselves operate and manage the mines of a tungsten production company in Portugal, which was made into a wholly-owned subsidiary of ours through a friendly TOB, and are increasing production volume steadily while accumulating management know-how. Thus, to further enhance our capabilities we have expanded beyond our present framework as a general trading company concession rights business.

As for the coal business, development and operation of the coal mines we own in Australia and Indonesia has been progressing steadily, including commencement of production in a coking coal mine located in the State of Queensland. In addition, supported by coal market conditions as well, our coal business secured increases both in revenues and profits. Because commencement of production on the concession rights we own is planned going forward mainly in Australia, contribution to profits is anticipated in the medium term.

Steel

In our iron ore business, in addition to the South down West mine concession, where we acquired 30% concession rights in FY2007 in West Australia, we acquired 30% concession rights of the South down East mine in this fiscal year, thereby doubling our iron ore concession rights holdings. The relevant concession is slated to go into operation and begin producing iron ore in 2012. Moreover, in addition to exports of iron ore from Brazil to the Japanese market, which has traditionally been our strength, we have made efforts to expand new business trade, with a core of long-term sales contracts to sell new iron ore to the Chinese market.

In our steel products business, the results for Metal One Corporation, the biggest steel trading company in Japan and 40% owned by Sojitz, continued to make a major contribution to consolidated profits for the whole fiscal year, despite the impact of the drastic changes in the world economy in the second half. We launched the Steel Business Unit in the beginning of FY2008, based on a hard look at mid-to-long term synergies, in preparation for further promotion of the system of collaboration with Metal One Corporation.

New Energy & Environment

In the New Energy business, we now have two factories in Brazil in operation in the business of producing bio ethanol from sugarcane (an integrated business from growing sugarcane on the farm to production of bio ethanol and sugar), in which we invested and participated in FY2007, and an operating system of five factories is projected during August 2009. We will maintain a focus in this business on doing business with concern over environmental preservation and food competition, as the business does not use corn, which can be also food or feed, as a raw material.

With respect to the New Energy and Environment business, Sojitz will continue handling areas where environmental awareness and market demand are expected to grow, such as solar energy, water resources, and biofuels, on which we have been working beyond the sales divisions in a companywide committee in this fiscal year, and reinforce our efforts toward actualization of business.

Chemicals & Plastics

Chemicals

Sales volume of solvents for inks, paints and thinners, which are leading domestic products in our organic chemicals business, dropped in the second half as a result of the stagnation of automotive and construction businesses, which are the end uses thereof, and the organic chemicals business recorded a decline in revenue and profits. On the other hand, our resin raw materials manufacturing business in the United States, in which we invested newly in FY2007, got on track and started to contribute to profits from this fiscal year, with expectations of mid-term contribution to profits.

In the Inorganic chemicals and industrial minerals business, stable supply of our leading products in business industrial salts to consumers on an annual contract basis contributed to stable profits. In addition, sales of fire-proof materials, minerals and incidental materials remained solid for the entire fiscal year, despite the steep decline in production of crude and stainless steel, for which they are used, in the second half.

The specialty chemicals business recorded decreases in revenues and profits, as there was a huge decline in transactions in rare-earth, which is used as raw materials for automotive and home appliances, and export transactions in raw materials for paints and adhesives, particularly in the second half. However, rare-earth—materials for permanent magnet, which is used for hybrid car—is considered to have potential of future growth. We will reconstruct the system to further boost the trade.

The fine chemicals business, meanwhile, increased profit as a result of favorable trends in agrichemicals and our major subsidiary cosmetics sales firm, despite a slight decline in transactions of health foods, intermediate products and catalysts. Agricultural chemical business is continuously focused on.

Plastics

In our plastics and high-tech electronic components and materials business, due to the forceful impact of the drastic changes in the world economy in the second half, and resulting steep decline in demand, plastics compound, automotive, and flat panel display (FPD) -related raw materials sales were unavoidably hard pressed, and as a result decreases in revenues and profits were recorded. However, in this situation, our print substrates-related business, which we have continued to work hard on, stated climbing in the second half, and thus we have built a foundation for new business.

In the packaging materials business as well, reluctance to purchase industrial films and sheets became apparent in the second half, resulting in a reduction in volume of raw materials and products handled. Meanwhile, transactions in relation to food packaging materials, products closely related to our lives, remained relatively solid and saw stable profits.

Fertilizer

In all the three countries of Thailand, the Philippines, and Vietnam, where we have joint venture companies that manufacture and sell advanced chemical fertilizers, the situation was completely different between the first and second halves. In the first half, raw material prices continued strong from the previous fiscal year, and there was vigorous demand for advance purchases, anticipating increases in fertilizer prices; however, in the second half, raw material market conditions dropped sharply, and consumers became reluctant to purchase, and sales became sluggish. We will optimize inventories to their sales volume early and improve earnings foundation.

Methanol

A decline in the number of houses under construction worldwide, due to the impact of the drastic changes in the world economy which began in the United States, led to a decrease in demand for adhesives, one of the greatest uses for methanol. As a result, methanol market conditions deteriorated sharply in Asia, which is the primary marketing area for PT Kaltim Methanol Industri, a methanol manufacturer in Indonesia, and 85% owned by Sojitz. Nevertheless, making use of our strength of being the only manufacturer in the Southeast Asia, our consumers are spread all over the Asian countries, and although production volume of our methanol business was slightly down compared to the previous fiscal year, it was still 630,000 tons for the year, which is roughly full production, and contributed to stable supply for consumers. This business will continuously contribute to sustained income in the area.

<u>Real Estate Development & Forest Products</u>

Condominiums

The condominium industry in FY2008 was in the roughest environment since the Bubble Era, with increases in stock and price declines, due to reluctance by users to purchase resulting from the passing on to product prices of the steep rise in land prices and construction costs, and accelerated on top of this, by the worldwide economic stagnation. We ended up posting broad losses in this situation, but, centering on our IMPREST condominium brand series, we did succeed in selling more than 800 units of condominiums in the Tokyo metropolitan area and Osaka metropolitan area together.

In addition, as for the rental condominium and rental office wholesale businesses in FY 2008, businesses which had been stable since FY2007, financial difficulties of wholesale purchasing companies occurred as a result of the dramatic decrease in supply of funding to the real estate business, due to the impact of the drastic changes in the world economy in the second half, and in some cases we could not deliver products as planned.

In FY2009 and thereafter, Sojitz will focus in advancing sales of condominiums and meanwhile engaging in leasing out the delayed deliveries, by reorganizing our organization of handling in April 2009 or later, reducing real estate for sale.

Development of Retail Property

Full-scale operation of Mallage Shobu, the third store in Japan for our Mallage series shopping center brand (site area about 43,000 *tsubo*, 141,900 m^2) started in November 2008. Under the impact of the drastic changes in the world economy, we are working to increase future value through smart strategies for tenant composition and bringing in customers, in order to secure customer draw and sales as an attractive facility on a continuing basis.

Meanwhile, as a part of the aggressive replacement of assets, all of the shares of Chelsea Japan Co., Ltd. held by the Company, which amounted to a 30% stake, were transferred to Mitsubishi Estate Company, Limited, its joint business partner since the foundation.

Forest Products

Although sales of forestry products decreased as a result of the reexamination of such things as low-profit making transactions, domestic demand for forest products was solid in the first half and we secured profits. However, in the second half, due to the supply pressures accompanying the worldwide reduction in demand represented by the drop in the number of residential housing starts in the United States, the balance of domestic supply and demand of forest products collapsed, and this strained profits.

We will keep working toward environmentally considerate business, with sales of source wood certified by the Forest Stewardship Council (FSC) as having been supplied through sustained forest management, and of similarly certified wood products with obtaining Chain-of-Custody certification (CoC).

Consumer Lifestyle Business

Foods

We have worked to develop our businesses in upstream sectors, including trilateral transactions involving Canadian and Australian wheat, imports of rice from China, raw sugar from Thailand and Fiji, chocolate from Europe, livestock feed ingredients from the United States and China, and trading in tuna; however, the Company was impacted due to stagnant market conditions and the rapid decline in the consumption market.

In midstream and downstream sectors, we engaged in our domestic business in the food arena, primarily Sojitz Foods Corporation, a specialized trading company/wholesaler with functions to develop and import foods. However, increased competition in handling of products closer to customers, high raw material costs and low product prices in consumer markets had impact on the Company. Moreover, in order to enhance further the food safety and security system of the overall Group, we newly established the Quality Assurance Office inside the Foods Unit in April 2008, and are engaging in the food business in our most important role of delivering safe and secure food to consumers.

Overseas, we already have been working on Vietnamese flour milling, Vietnamese food wholesaling and Chinese food logistics businesses oriented to the Asian and Chinese markets, which are expected to grow, and what is more, in June 2008, Sojitz established a potato flake manufacturing and sales company in Heilongjiang Province, the vast agricultural are in the Northeast region of China, and will start selling product to domestic Chine potato chip manufacturers and others. Meanwhile, in Japan, in September 2008 we established Sojitz Tuna Firm Takashima Co., Ltd. in Matsuura City, Nagasaki Prefecture, thus entering the domestic tuna farming business for the first time as direct investment by a major trading company.

As a new area, we will concentrate the agriculture related businesses inside the Group and are establishing a new Agribusiness Department in April 2009, aiming at aggressive participation in the agribusiness area, which is anticipated to grow both in Japan and elsewhere.

Textiles

The textiles business environment surrounding was harsh, with continuation of stagnant domestic demand and increases in raw materials costs and then on top of this, due to the impact of the drastic changes in the world economy in the second half, profits were choked back. During this time, through a textile reconstruction project, we engaged in a full-fledged implementation of selection of business and reallocation of management resources, to regrow and build a solid base for profits.

In the apparel sector, in our efforts toward concentration of management resources in business with high levels of profitability and growth potential we accelerated selection and focus initiatives. In the Group business, Nichimen Infinity Inc. was renamed Sojitz Infinity Inc., and with the relevant company as a core, Sojitz is advancing its cultivation of brands in the downstream sector.

In the textiles business, we demonstrated our mature know-how to the fullest extent, and achieved a full-scale build-out of a supply chain overseas from raw material procurement, spinning, weaving to dyeing fabrication. By combing this with the major sewing bases we possess in our apparel business, we are thereby working toward building up our capacity to offer products.

General Commodities

Sojitz has been engaging in the chip afforestation business in Vietnam and Australia, and the area has grown to about 18,000 hr. Singling out Vietnam, in particular, we own three chip processing companies, and by provision of free seedlings and tree plantation financing through these joint venture companies, we afforested about 26,000 hectares of forests on non-forested land in Vietnam, creating employment for 500,000 persons per year, and producing 300,000 tons of chips. While demand and supply of wooden chips, the raw material for paper manufacturing, is getting tight, in order to secure bases for supply, Sojitz is promoting a chip processing business at Maputo Port in Mozambique making use of tree plantation resources in South Africa and exporting chips to Japan. This is a project of buying existing tree farms in South Africa and meanwhile engaging in new chip and tree planting business in Mozambique, and thereby securing tree planting resources to carry on the business. In Mozambique as well, contemplating the "realization of a sustained industrial system and social basis," we aim to solidify the business model we cultivated in Vietnam.

Moreover, in the area of consumer products, an affiliate, Sojitz General Merchandise Corporation (Sojitz GMC) acquired the exclusive domestic import and sales rights of REEF, the surf brand owned by the leading US apparel group, VF Corporation as well as its master license rights in June 2008. Accordingly, from January 2009, Sojitz GMC commenced its sales in Japan. REEF was founded as a beach sandal brand in 1984. It has now become one of the global surf brands that launched in 42 countries in addition to the United States. Its product line includes sandals which are the brand's origin, shoes, apparel, surf and swimming wears and accessories, strongly attracting the surf industry in Japan.

In addition, in April 2009 we will be reorganizing the company in preparation for a system to promote a collaborative structure with JALUX Inc., our retail business affiliate.

Overseas

The Americas

FY2008 started out in an uncertain economic environment with the subprime mortgage crisis becoming pronounced in financial institutions. In the context of the spiraling resources prices in the first half, the real economy, including consumption trends, was solid; however, the Lehman Shock in September triggered a drastic drop in all market conditions, including finance and commodities, and the US economy slowed down rapidly. In such an environment, IT equipment oriented to European and US markets, and mineral resources businesses oriented to Asia and China were greatly affected by the decrease in world demand and rapid deterioration of market conditions. In the automotive business, although the parts business was affected by production cutbacks by automotive manufacturers inside the United States, for CBU vehicles sales, the impact in FY2008 was rather limited. In the Chemicals and Consumer lifestyle business (foods and textile commodities businesses) we felt the impact of the deterioration of economic environment as well through such things as stock adjustment; however, transactions with NIKE were solid, with the effect of pushing up demand created by the Beijing Olympic Games.

Although it is expected that stagnant economic situations will have some impact on the Company, we are going to find new opportunities of business investment in the area, and reinforce sales in Brazil and other growing areas; thus developing strategies for growth.

Europe, Russian NIS

In spite of the impact of the deterioration of the economic environment toward the end of 2008, results were relatively solid in exports and imports of industrial and shipping machinery, electronics equipment, and energy transactions including nuclear power trading. On the other hand, plastics such as packaging materials and engineering plastics, solvents and marine products recorded in part a decrease in profits, also as a result of the decline of materials prices. Going forward as well we predict the uncertain market conditions and deterioration of the credit situation will continue, and so we will further tighten our sales asset management, in working to stabilize existing businesses. Since expectations are for continuing market expansion over the mid- to long-perspective, we are making active efforts aiming at new trading and investment and financing expansion to correspond to changes via strategy creation and personnel dispatch in conformance with regional characteristics.

Asia and Oceania

Due to the impact of the drastic changes in the world economy since the end of 2008, the export industry, which had been leading the region, slowed down, and GDP growth rates in Asia, which had maintained high levels, softened. In this situation, there was a fall-off of profits centering on Sojitz’s fundamental logistics commercial interests in Asia such as commodities including chemicals and plastics and foods.

Nonetheless, in the energy business, business investment has been steady, with the expansion plan being set for the alumina refining business in Australia, and with the development and operation of the coal mines we own in Australia and Indonesia.

Moreover, in Vietnam, one of our key countries, in the next fiscal year we will launch a food complex in which we will participate in business in the southern region, and in addition we have acquired authorization for a local company for the purpose of reinforcement of import and export businesses, and wholesale and retail distribution businesses inside Vietnam, and started operations of Sojitz Vietnam Company Ltd. in April 2009. By permanently stationing an executive officer (Executive Vice President for Asia and Oceania) in advance of the other trading companies, we will work toward wide-ranging business in the Indochina Region, centering on Vietnam.

China

2008 was the year when the Olympic Games were held in China, and the country also marked the 30th anniversary since the changeover to reforms, opening up and modernization policies, and became a year of achievement of rapid economic growth powered by direct investment under a preferential treatment policy for aggressive foreign funds. After the start of the second half, due to the impact of the drastic changes in the world economy, there was a slowdown in the seemingly unstoppable growth of the export industries, with the GDP growth rate for the entire fiscal year held to a single digit, 9.0%.

As response to the recession in the economy, the Chinese government launched economic countermeasures one after another, centering on infrastructure investment and consumption stimulus measures for automotives and home appliances, in working to change the economic growth model from the bottom up over to one based on internal demand.

In such an economic environment, aiming at being among the first to respond to China's policies for the domestic market and demand expansion, we worked on systems to increase our profits accompanying the activation of Chinese domestic markets by promotion of the following areas: 1) resource-related transactions oriented to the Chinese market; 2) specialty chemical materials logistics business effective for preparation of infrastructure; and 3) manufacturing and sales of eco-friendly infrastructure materials. Meanwhile, we are moving forward the expansion of our business base in China by advancing our business investments in areas expected to expand for standard of living improvements, such as food materials processing and automobile-related businesses.

Middle East and Africa

In the Middle East and Africa, although the direct impact of the worldwide financial recession was relatively minor, the drastic changes in the world economy thereafter and a decline in resources and energy market conditions had a material impact on individual countries.

In the Middle East and Gulf areas, crude oil prices were down to one-third of the peak price or even lower, and large decrease in revenues is expected, however, oil producing countries in the Gulf have publicized the continuation of existing economic policies and development plans, supported by assets inside and outside their countries that have been accumulated to date and the constant crude oil income. Sojitz handles Japanese-made CBU vehicles oriented to Gulf countries, and in the first half sales were favorable, however, after the Lehman Shock, unit sales numbers dropped. Nonetheless, in FY2009 stock adjustment has been well advanced and hereafter, and market is expected to head in the direction of recovery.

In the Africa region, TICAD-IV (Tokyo International Conference on African Development IV) was held in Yokohama, in FY2008, and Africa gathered a good deal of attention. Economic development, which had been on a solid trend thanks to the spiraling resource prices, etc. now started to lose some luster after the Lehman Shock, and the economy seemed to enter an adjustment phase centering on external demand industries. In major order acceptances for Sojitz, we received major orders such as a cement manufacturing plant for Angola, and deep sea crude oil production equipment for Nigeria. The business of handling of metallic resources such as manganese and ferrochrome in South Africa was solid until the first half of FY2008, however, in the second half sales were greatly affected by sluggish sales of final product due to the drastic changes in the world economy.

Moreover, Sojitz is promoting tree planting and chip manufacturing projects in

South Africa and Mozambique. We also promoted new expansion of capabilities, such as the importing and sales of Japanese CBU vehicles inside the countries in South Africa, Nigeria and Angola.

We position Africa as a market to focus on in our reinforcement targets, and will promote new business development even more aggressively so that it will be a future earnings base.

[Consolidated Sales by Transaction Type] (Millions of yen)

	FY2008		FY2007		Year-on-year	
	Apr. 2008 to Mar. 2009	Composition ratio (%)	Apr. 2007 to Mar. 2008	Composition ratio (%)	Change	Rate of change (%)
Export	660,601	12.8	955,032	16.6	(294,431)	(30.8)
Import	1,327,475	25.7	1,381,002	23.9	(53,527)	(3.9)
Domestic	2,084,057	40.3	2,240,705	38.8	(156,648)	(7.0)
International	1,094,047	21.2	1,194,287	20.7	(100,240)	(8.4)
Total	5,166,182	100.0	5,771,028	100.0	(604,846)	(10.5)

[Consolidated Sales by Business Segment] (Millions of yen)

	FY2008		FY2007		Year-on-year	
	Apr. 2008 to Mar. 2009	Composition ratio (%)	Apr. 2007 to Mar. 2008	Composition ratio (%)	Change	Rate of change (%)
Machinery & Aerospace	1,108,293	21.5	1,288,292	22.3	(179,999)	(14.0)
Energy & Mineral Resources	1,410,928	27.3	1,467,775	25.4	(56,847)	(3.9)
Chemicals & Plastics	642,393	12.4	703,049	12.2	(60,656)	(8.6)
Real Estate Development & Forest Products	276,702	5.4	345,326	6.0	(68,624)	(19.9)
Consumer Lifestyle Business	1,251,475	24.2	1,254,861	21.8	(3,386)	(0.3)
Overseas Subsidiaries	394,626	7.6	653,936	11.3	(259,310)	(39.7)
Others	81,762	1.6	57,787	1.0	23,975	41.5
Total	5,166,182	100.0	5,771,028	100.0	(604,846)	(10.5)

Notes: 1. Amounts less than one million yen have been discarded.
2. See “(5) Major Business Segments of the Sojitz Group” for main products handled by each business unit.
3. From the nine-month fiscal period ended December 2008, IT-related businesses, which used to be included in the Other segment, was switched over to inclusion in the Machinery & Aerospace segment. Sales by product division for FY2007 are shown using the divisions after the relevant change.

(2) Financing

1) Financing

The medium-term management plan of Sojitz Corporation, “New Stage 2008,” sets forth a financial strategy that involves a basic policy aimed at improving the stability of our financing structure. To that end, we have implemented policies aimed at achieving a current ratio of at least 120% and a long-term debt ratio of approximately 70%, both of which are targets for the period ended March 2009, the final year of the plan. Specifically, in terms of direct financing, continuing the trend of FY2007, we sourced funds from the public bond market, issuing a total of 40 billion yen by an issue of 30 billion yen in June 2008 and 10 billion yen in July 2008. In terms of indirect financing, we worked aggressively to execute new long-term borrowings and switch from short-term funds to long-term, so as to ensure a stable, efficient financing structure.

As a result, we achieved the goal of the relevant plan, with a current ratio of 142%(consolidated) and a long-term debt ratio of 67%(consolidated).

In addition, we set up a long-term commitment line of 100 billion yen in September 2008. This is a measure to reinforce the stability of our financial infrastructure and procurement structure, and to supplement liquidity essential for our growth strategy in the mid-to-long term, to secure sustainable growth.

2) Business Assignment, Demerger or Incorporation-Type Company Split

We assigned all of our stock holdings in affiliate Chelsea Japan Co., Ltd., 1,497 shares (ownership ratio: 30%), to Mitsubishi Estate Company, Limited on March 27, 2009.

(3) Assets, Profits and Losses in the Past Three Business Years

1) The Group's Assets, Profits and Losses

The Group's assets, profits and losses in FY2008 and over the past three business years are as outlined below.

(Millions of yen, otherwise specified)

Item \ FY	FY2005	FY2006	FY2007	FY2008
Net Sales	4,972,059	5,218,153	5,771,028	5,166,182
Ordinary Income	78,773	89,535	101,480	33,636
Net Income	43,706	58,766	62,693	19,001
Net Income per Share	126.21 (yen)	83.20	51.98	15.39
Total Assets	2,521,679	2,619,507	2,669,352	2,312,958
Net Assets	426,949	531,635	520,327	355,503
Net Assets per Share	(368.95) (yen)	144.22	383.46	256.17
Consolidated Subsidiaries	321 (companies)	334	360	354
Companies Accounted for by the Equity Method	192 (companies)	200	209	184

Notes: 1. On October 1, 2005, Sojitz merged with the former Sojitz Corporation, its wholly owned subsidiary company, and following the transfer of the subsidiary's operations to Sojitz as the surviving entity, the company changed its trade name to Sojitz Corporation.

2. Amounts less than one million yen have been discarded.

3. For calculation of net income per share and net assets per share, ASBJ Standard No. 2 "Accounting Standard for Net Income per Share" and ASBJ Guidance No. 4 "Guidance on Accounting Standard for Net Income Per Share" are applied.
The current net income per share is calculated by subtracting the number of treasury stock from the average number of common stock issued during the term. Also, the net assets per share is calculated by subtracting the number of preferred shares issued by the end of the term multiplied by the issuing price from the net assets at the end of the term, and dividing it by the number of common stock issued by the end of the term with the number of treasury stock subtracted.

2) The Company's Assets, Profits and Losses

The Company's assets, profits and losses in FY2008 and over the past three business years on a non-consolidated basis are as outlined below.

(Millions of yen, otherwise specified)

Item \ FY	FY2005	FY2006	FY2007	FY2008
Net Sales	1,328,787	2,833,207	3,480,490	3,217,313
Operating Revenue	1,335	-	-	-
Ordinary Income	19,767	55,316	33,980	16,761
Net Income	16,808	21,010	31,523	22,008
Net Income per Share	48.55 (yen)	28.26	26.13	17.82
Total Assets	1,810,259	1,916,431	1,925,999	1,790,594
Net Assets	442,417	451,254	416,911	388,988
Net Assets per Share	(330.61) (yen)	109.25	335.52	312.91

Notes: 1. On October 1, 2005, Sojitz merged with the former Sojitz Corporation, its wholly owned subsidiary company, and following the transfer of the subsidiary's operations to Sojitz as the surviving entity, the company changed its trade name to Sojitz Corporation.

2. Amounts less than one million yen have been discarded.

3. For calculation of net income per share and net assets per share, ASBJ Standard No. 2 "Accounting Standard for Net Income per Share" and ASBJ Guidance No. 4 "Guidance on Accounting Standard for Net Income Per Share" are applied.
The current net income per share is calculated by subtracting the number of treasury stock from the average number of common stock issued during the term. Also, the net assets per share is calculated by subtracting the number of preferred shares issued by the end of the term multiplied by the issuing price from the net assets at the end of the term, and dividing it by the number of common stock issued by the end of the term with the number of treasury stock subtracted.

(4) Business Outlook and Challenges

We, at Sojitz, achieved the three business goals to "reorganize our capital structure," "resume dividend payment" and "obtain investment-grade rating," which we had taken on as the merkmal for our complete reconstruction during *New Stage 2008*, our previous three-year medium-term management plan ("*NS2008*") ended in the final fiscal year, FY 2008.

However, since September, profits and shareholders' equity have decreased by a wide margin due to sudden changes in commodities markets, stock prices and exchange rates amidst the global financial crisis and economic recession. Due to the reduction in shareholders' equity, net D/E ratio was 2.7 times and ratio of risk assets to shareholders' equity were 1.1 times, exceeding our professed management targets of net D/E ratio at 2 times and ratio of risk assets to shareholders' equity at 1.0 times. As a result, we were unable to achieve the financial goals for the last fiscal year.

In order to overcome the problems that became clear with *NS2008*, we have established *Shine 2011*—Toward Sustained Growth," a new three-year medium-term management plan with 2009 being the first fiscal year, as a basic policy for establishing a strong revenue base for securing sustained growth by improving the "earnings' quality."

The two goals for the three years of *Shine 2011* medium-term management plan:

I. "Establish a strong earnings foundation conductive to sustained growth"

II. "Develop globally competent human resources"

We will implement the following three items in order to establish an earnings foundation for securing sustained growth.

1 Accumulate high-quality business/assets

2 Branch into new business as groundwork for future growth

3 Ensure asset liquidity

By all means, we make every effort to build a foundation of high-quality assets in a speedy manner.

Needless to say, "Developing Human Resources" is essential.
During *NS 2008*, we were able to promote the personnel acquisition. With *Shine 2011*, we aim to concentrate our abilities on cultivating global human resources capable of becoming leading figures in constructing high-quality assets.

As for the management indices of *Shine 2011*, we have established certain targets to be reached of net D/E ratio approximately two times and ratio of risk assets to shareholders' equity to be held under 1.0 times for the three-year period. In addition, successive target values for the future were established for consolidated ROA at 3% and consolidated ROE at 15%. (Results for FY2008 were consolidated ROA 0.8% and consolidated ROE 4.8%.)

In the past, we have announced numerical targets for the three-year period, but this time, being cautious of uncertain future conditions, we have decided to set numerical targets only for the end of a single fiscal year, namely FY2009, with numerical targets for the second and third years to be set by the end of FY2009, upon sufficiently ascertaining market conditions, exchange rates, stock prices, etc.

The target amounts for FY2009 are as follows:

-Consolidated Statements of Operations

Net Sales	4,750 billion yen
Gross profit	225 billion yen
Ordinary income	45 billion yen
Net income	20 billion yen

-Consolidated Balance Sheets

Total assets	2,320 billion yen
Net interest-bearing debt	850 billion yen
Shareholders' equity	335 billion yen
Net D/E ratio	2.5 times

By setting FY2009 as the year to establish our footholds, we seek to strengthen and recover our bases in the automotive business, fertilizer business and real estate business. We also aim at achieving profitability in the Consumer Lifestyle Business Division which covers these three areas: clothing, food and residences, especially in the textiles business.

Furthermore, in order to achieve stable growth, we continue to secure resources for industrial minerals, foods and forestry in addition to energy and mineral resources. Meanwhile, we strive to take up challenges in the environmental and new energy, and agricultural business areas, such as bioethanol, nuclear energy, solar energy/photovoltaic cells and water, along with getting a head start in Africa as a future growth market to construct a mid- to long-term earnings foundation.

To promote these measures and secure revenue sources for sustained growth, we plan to make new investments of around 70 billion yen during FY 2009, primarily through assets reallocation.

We intend to steadily take measures to achieve a U-shaped recovery, build high-quality assets for raising stable and sustained profits, and will establish a strong earnings foundation to secure sustained growth.

(5) Major Business Segments of the Sojitz Group

The Group is a comprehensive collection of companies with chief focus on trade and the sale and purchase of goods, and which is also involved in multi-dimensional business globally, including the manufacturing and sale of various types of products and the provision of services domestically and abroad, planning and coordinating projects, investment in various business areas, and other financial activities.

The related companies to carry on our business activities in the Group consist of 384 subsidiaries, 191 affiliates, 575 companies in total (538 are part of our consolidated operations).

The following is an outline of our business segments, and their core products and services, as well as the main affiliated companies in those areas.

Business Segments (As of March 31, 2009)

Type of business	Major products or services	Major companies
Machinery & Aerospace	Automobiles and car parts; auto manufacturing equipment and facilities; construction machinery; marine vessels; rolling stock; airplanes and all related equipment; telecommunication infrastructure equipment; electronic industry-related equipment; steel, cement and chemical plants and equipment; power generation; electricity-related equipment and materials (generation, transformation and distribution); infrastructure business; bearings; industrial power generator; industrial machinery; metal processing machinery and related equipment; IT industry-related business; data processing; computer software development. * From the nine-month period ended December 2008, IT industry-related businesses, data processing, computer software development, etc., which used to be included in the Other businesses division, were changed to inclusion in the Machinery & Aerospace division.	• Sojitz Machinery Corporation (import/export and sales of general industrial machinery; subsidiary) • Sojitz Aerospace Corporation (import/export and sales of aerospace- and defense-related equipment; subsidiary) • Sojitz Marine & Engineering Corporation (sales, purchase and charter brokerage of marine vessels; import/export and domestic sales of shipping equipment and materials; subsidiary) • Nissho Electronics Corporation (network services; subsidiary) (*1) • NextGen, Inc. (network services; subsidiary) (*1) • MMC Automotriz, S.A. (sales and assembly of automobiles; subsidiary) • Sojitz Aircraft Leasing B.V. (aircraft leasing; subsidiary) • Subaru Motor LLC (Import and exclusive distribution of Subaru automobiles in Russia, subsidiary) • TechMatrix Corporation (IT systems and consulting; affiliate) (*1) • SAKURA Internet Inc. (Internet Data Center business-related, affiliate) (*1) 132 subsidiaries (29 domestic, 103 overseas) 58 affiliates (9 domestic, 49 overseas)

Type of business	Major products or services	Major companies
Energy & Mineral Resources	Oil; gas; petroleum products; coke; carbon products; nuclear fuel; machinery for nuclear power generation; coal; ironstone; ferroalloy (nickel, molybdenum, vanadium, rare metals and ore); alumina; aluminum; copper; lead; zinc; tin; precious metals; machinery and equipment for offshore oil production; infrastructure business; energy and chemical projects; LNG operations, steel-manufacturing－related operations; renewable energy-related business; environment-related business.	• Sojitz Energy Corporation (sales of petroleum products; subsidiary) • Sojitz Ject Corporation (trading in coke, carbon and mineral products; subsidiary) (*2) • Tokyo Yuso Co., Ltd. (oil storage facility management, warehousing and transportation; subsidiary) • Catherine Hill Resources Pty. Ltd. (investment in coal mines; subsidiary) • Sojitz Moly Resources, Inc. (invests in molybdenum mines; subsidiary) • Sojitz Energy Venture Inc. (Oil and gas development, subsidiary) • Metal One Corporation (import/export and domestic and international sales of steel-related products; affiliate) • LNG Japan Corporation (LNG business and related investments; affiliate) • Alconix Corporation (sales of nonferrous products, construction and electronic material; affiliate) (*1) • Coral Bay Nickel Corporation (Nickel and cobalt combined sulfide manufacturing and sales related, affiliate) • Japan Alumina Associates (Australia) Pty. Ltd. (alumina production; affiliate) • ETH Bioenergia S/A (Bioethanol and sugar manufacturing business, affiliate) 44 subsidiaries (11 domestic, 33 overseas) 24 affiliates (7 domestic, 17 overseas)
Chemical & Plastics	Organic chemicals; inorganic chemicals, specialty chemicals, fine chemicals; industrial salt; chemical fertilizers; cosmetics; chemical food ingredients; ceramic, mineral products; rare earth; general-purpose resins; raw materials for plastics such as engineering plastics; films and sheets for industrial, packaging or food applications; electronic materials such as liquid crystal and electrolytic copper foil; plastic molding machinery; and other plastics products.	• Sojitz Pla-Net Holdings, Inc. (plastics business holdings; subsidiary) • Sojitz Pla-Net Corporation (domestic and offshore trading of plastic materials and products; subsidiary) • Pla Matels Corporation (domestic and offshore trading of plastic materials and products; subsidiary) (*1) • Sojitz Cosmetics Co. (Development, product planning and sales of cosmetics, subsidiary) • P.T. Kaltim Methanol Industri (sales and manufacturing of methanol; subsidiary) • Thai Central Chemical Public Co., Ltd. (production and sales of fertilizers, sales of imported fertilizers; subsidiary) 46 subsidiaries (16 domestic, 30 overseas) 33 affiliates (9 domestic, 24 overseas)

Type of business	Major products or services	Major companies
Real Estate Development & Forest Products	Planning, construction and subdivision of condominiums; development and sales of housing sites; sales, purchase, development, lease and management of buildings; construction contracting; sales, purchase, lease, brokerage, and management of real estate; development of commercial facilities; construction materials; imported raw wood; sawmilling and wood products such as plywood and bonded wood; housing construction materials.	• Sojitz Building Materials Corporation (sales of construction materials; subsidiary) • Sojitz Realnet Corporation (sales, purchases, brokerage of real estate; subsidiary) • Sojitz General Property Management Corporation (building, condominium, commercial facility and other real estate management; subsidiary) • Yoshimoto Ringyo Co., Ltd. (sales of lumber and plywood; subsidiary) (*3) • New Real Creation, Inc. (Real estate purchase and sales, investment and brokerage, receivable sales; subsidiary) • Sojitz Commerce Development Corporation (development, construction, operation and lease of retail property; subsidiary) • Tachikawa Forest Products (N.Z.) Ltd. (sawmilling and sales of lumber products; affiliate) 41 subsidiaries (32 domestic, 9 overseas) 9 affiliates (5 domestic, 4 overseas)
Consumer Lifestyle Business	Raw feathers and feather products; cotton and chemical fibers; bonded textile; knitted clothes and knit products; fibrous raw material; fibrous raw material for industrial supplies and related products; apparel; interior accessory; bedclothes, bedding and home interior accessory and related products; cereal grain; wheat flour; oils and fats; oilcake and raw materials for feed; stock farm products and marine products; farmed marine products and processed food; fruit and vegetables; frozen vegetables; frozen food; snack and candy; ingredients for snacks and candy; coffee beans; sugar; other food products and ingredients; nursery items; general merchandise; wood chips and forestry.	• Sojitz Infinity Inc. (planning, manufacturing and sales of men's, women's and children's apparel; subsidiary) (*4) • Sojitz Foods Corporation (sales of sugar; glycated products; dairy products; farm, livestock and marine products; processed foods; and other foodstuffs; subsidiary) • Daiichibo Co., Ltd. (manufacturing and sales of textiles, storage distribution, shopping center management; subsidiary) • Sojitz General Merchandise Corporation (import/export and sales of general merchandise; subsidiary) • Sojitz Meat and Agri Corporation (import and domestic sales of meat, gardening products and feed; subsidiary) (*5) • Sojitz Fashion Co., Ltd. (planning, fabrication and wholesaling of print, solid and yarn dyed, etc. cotton and chemical synthetic fibers, etc., subsidiary) (*6) • Singapore Co., Ltd. (planning, manufacturing and sales of clothing; subsidiary) • Now Apparel Ltd. (production, management and sales of secondary textile products; subsidiary) • Vietnam Japan Chip Vung Ang Corporation (manufacturing and sales of wood chip and tree-planting program; subsidiary) • Fuji Nihon Seito Corporation (manufacturing, refining, processing and sales of sugar; affiliate) (*1) • Yamazaki-Nabisco Co., Ltd. (manufacturing of snacks and candy; affiliate) • Nissho Iwai Paper & Pulp Corporation (sales of wrapping and packaging materials, containers and machinery; affiliate) • P.T. Moriuchi Indonesia (manufacture of industrial fabrics; subsidiary) 32 subsidiaries (18 domestic, 14 overseas) 36 affiliates (12 domestic, 24 overseas)

Type of business	Major products or services	Major companies
Overseas Subsidiaries	General trading company dealing with various products, headquartered in major cities abroad. Their business activities hold a great variety.	• Sojitz Corporation of America (subsidiary) • Sojitz Europe plc (subsidiary) • Sojitz Asia Pte. Ltd. (subsidiary) • Sojitz (Hong Kong) Ltd. (subsidiary) • Sojitz (China) Co., Ltd. (subsidiary) 60 subsidiaries (all overseas) 19 affiliates (all overseas)
Others	Occupational-ability-related consulting and services; local corporation; logistic services; insurance agency services; venture capital; management and operation of corporate rejuvenation funds; real-estate leasing.	• Sojitz Kyushu Corporation (domestic local corporation; subsidiary) • Sojitz Logistics Corporation (logistic services business, land, sea, and air cargo, international nonvessel operating common carrier (NVOCC) transportation; subsidiary) • Sojitz Insurance Agency Corporation (insurance agency services; subsidiary) • Sojitz Shared Service Corporation (occupational-ability-related consulting and services; subsidiary) • JALUX Inc. (logistics and services in the airline, airport, lifestyle and customer service sectors; affiliated) (*1) 29 subsidiaries (15 domestic, 14 overseas) 12 affiliates (4 domestic, 8 overseas)

Notes: (*1) Of the affiliated companies, Nissho Electronics and JALUX were listed on the first section of the Tokyo Stock Exchange, Fuji Nihon Seito and Alconix were listed on the second section of the Tokyo Stock Exchange, SAKURA Internet Inc. listed on the Mothers, Pla Matels and TechMatrix were listed on JASDAQ, and NextGen was listed on the Hercules market; all as of March 31, 2009.

(*2) As of March 31, 2009, JECT Corporation changed its company name to Sojitz JECT Corporation.

(*3) As of April 1, 2009, Yoshimoto Ringyo Co., Ltd. changed its company name to Sojitz Yoshimoto Ringyo Co., Ltd.

(*4) As of January 1, 2009, Nichimen Infinity Inc. changed its company name to Sojitz Infinity Inc.

(*5) As of August 1, 2008, Nissho Iwai Meat and Agri-Products Corporation changed its company name to Sojitz Meat & Agri Corporation

(*6) As of January 1, 2009, Nichimen Fashion Co., Ltd. changed its company name to Sojitz Fashion Co,. Ltd.

(6) Group Business Locations and Employees (As of March 31, 2009)

1) Sojitz Group Business Locations

a. Sojitz Corporation

Japan:	HQ	Tokyo
	Branches	Sapporo, Sendai, Nagoya, and Fukuoka
Overseas:	Branches	Singapore, the Philippines, Thailand, Malaysia, Myanmar, Pakistan, Saudi Arabia, and Republic of South Africa

b. Subsidiaries

Domestic:	Local Companies	Fukuoka, Nagasaki, and Naha
Overseas:	Overseas Subsidiaries	26 countries and areas incl. US, UK, Singapore, China, Taiwan, Australia, Korea, Russia, New Zealand, Thailand, Brazil, India, Indonesia, the Philippines, Malaysia, Canada, Mexico, Nigeria, UAE, Argentina, Venezuela, and Peru

2) The Group Employees

Segment	Number of employees
Machinery & Aerospace	4,695
Energy & Mineral Resources	1,145
Chemicals & Plastics	3,211
Real Estate Development & Forest Products	1,220
Consumer Lifestyle Business	4,275
Overseas Subsidiaries	1,625
Others	1,353
Total	17,524

3) The Company Employees

Number of employees	Compared with the previous year	Average age	Average term of continuous employment
2,256	+32	40.99 years old	13.90 years

Notes: 1. The chart above does not include 227 locally hired overseas employees.
2. The average term of continuous employment is calculated including years spent at the former Sojitz Corporation.

(7) Major Subsidiaries (As of March 31, 2009)

1) Major Subsidiaries and Affiliates

(Subsidiaries)

(Millions of yen, otherwise specified)

Company	Capital	Percentage of equity participation (%)	Main business activities
Sojitz Corporation of America	US$586,083,868	100.00	Offshore trade
Sojitz Europe plc	13,240 ST£73,117,500	100.00	Offshore trade
Sojitz Asia Pte. Ltd.	US$136,507,475	100.00	Offshore trade
Sojitz (Hong Kong) Ltd.	HK$703,840,000	100.00	Offshore trade
Sojitz Aerospace Corporation	1,410	100.00	Import/export and sales of aerospace- and defense-related equipment
Sojitz Machinery Corporation	1,500	100.00	Import/export and sales of general machinery
Sojitz Marine & Engineering Corporation	800	100.00	Sales, purchase and charter brokerage of vessels, domestic sales in Japan and import/export of shipping-related equipment and materials
Nissho Electronics Corporation	14,336	42.21	Network services
Sojitz Energy Corporation	500	97.08	Sales of petroleum products
Sojitz Pla-Net Holdings, Inc.	6,164	100.00	Plastics business holdings
Sojitz Pla-Net Corporation	3,000	100.00 (*1)	Domestic and offshore trading of plastic materials and products
Pla Matels Corporation	793	46.55 (*2)	Domestic and offshore trading of plastic materials and products
Sojitz Building Materials Corporation	1,039	100.00	Sales of construction materials
Sojitz Commerce Development Corporation	600	100.00	Development, construction, operations and lease of retail property
Sojitz General Property Management Corporation	324	100.00	Building, condominium, commercial facility and other real estate management
Sojitz Realnet Corporation	300	100.00	Sales, purchase and brokerage of real estate
Sojitz Foods Corporation	412	100.00	Sales of sugar; glycated products; dairy products; farm, livestock and marine products; processed foods; and other foodstuffs
Sojitz Infinity Inc.	2,946	100.00	Planning, manufacturing and sales of men's, women's and children's apparel
Sojitz Fashion Co., Ltd.	100	100.00 (*3)	Cotton and synthetic fabric printing, planning, processing and wholesaling of plain and dyed textiles
Sojitz Kyushu Corporation	500	100.00	Domestic regional corporation

Notes: (*1) Sojitz Pla-Net Corporation is a wholly owned subsidiary of Sojitz Pla-Net Holdings, Inc.
(*2) Pla Matels Corporation is 46.55%-owned subsidiary of Sojitz Pla-Net Corporation.
(*3) Sojitz Fashion Co., Ltd. is a wholly owned subsidiary of Sojitz Infinity Inc.

(Affiliates)

Company	Capital (Millions of yen)	Percentage of equity participation (%)	Main business activities
Metal One Corporation	100,000	40.00	Import/export and domestic and international sales of steel-related products
LNG Japan Corporation	8,002	50.00	LNG business and related investments
JALUX Inc.	2,558	30.00	Logistics and services in the airline, airport, lifestyle and customer service sectors

2) Result of Mergers

1. The Group now has 354 consolidated subsidiaries and 184 companies accounted for by the equity method.
2. The business performance of the Group in FY2008 is set forth in "(1) Review of Progress and Performance in Operations."

(8) Major Creditors and Borrowed Amounts (As of March 31, 2009)

(Billions of yen)

Creditor	Amount outstanding
Bank of Tokyo-Mitsubishi UFJ (*3)	147.4
Mizuho Corporate Bank (*3)	100.5
Sumitomo Trust and Banking (*3)	88.0
Norinchukin Bank (*3)	68.4
Sumitomo Mitsui Banking (*3)	60.9
Development Bank of Japan (*3)	52.5
Mitsubishi UFJ Trust and Banking (*3)	46.3
Aozora Bank	40.5
Shinkin Central Bank	35.5
Resona Bank (*3)	31.5

Notes: (*1) The above amounts are on a non-consolidated basis.
(*2) Amounts less than 100 million have been rounded down to the nearest 100 million.
(*3) Sojitz accepts that these loans may be assigned in part or in whole upon request by the lender.

2. Shares (As of March 31, 2009)

(1) Total Number of Shares Authorized to be Issued

Common stock:	1,349,000,000	(end of FY 2007: 1,349,000,000)
Class-III preferred shares	1,500,000	(end of FY 2007: 1,500,000)
Class-IV preferred shares	-	(end of FY 2007: 19,950,000)
Class-V preferred shares	-	(end of FY 2007: 10,875,000)

(2) Total Number of Outstanding Shares

Common stock	1,233,852,443	(end of FY 2007: 1,233,852,443)
First Series Class-III preferred shares	1,500,000	(end of FY 2007: 1,500,000)
First Series Class-IV preferred shares	-	(end of FY 2007: -)
First Series Class-V preferred shares	-	(end of FY 2007: -)

Notes: 1. The total number of outstanding shares of common stock includes the number of treasury stock (332,606 shares).

2. At the Ordinary General Shareholders' Meeting held on June 25, 2008, the Articles of Incorporation of the Company were amended, and thereby the issuance guidelines for First Series Class-IV preferred shares and First Series Class-V preferred shares were deleted; as a result the total number of shares authorized to be issued pertaining to the relevant preferred shares is decreased.

(3) Number of Shareholders

Common stock	218,486
Class-III preferred shares	1

(4) Major Shareholders

1) Common Stock

Shareholder	Investment in the Company	
	Shares held (in thousands)	Investment ratio (%)
Japan Trustee Services Bank, Ltd. (*2)	150,581	12.21
The Master Trust Bank of Japan, Ltd. (*3)	35,182	2.85
Trust & Custody Services Bank, Ltd. (*4)	22,864	1.85
CBLDN Legal+General Assurance Pensions Management Limited	14,444	1.17
Investors Bank and Trust Company (West) +Pension Fund Clients	12,947	1.05
Investors Bank and Trust Company (West) +Treaty	12,328	1.00
State Street Bank and Trust Company 505104	11,219	0.91
The Chase Manhattan Bank, N.A. London Secs Lending Omnibus Account	10,312	0.84
Nomura Asset Management U.K. Limited Sub A/C Evergreen Nominees Ltd	9,006	0.73
State Street Bank and Trust Company 505225	7,461	0.60

Notes: (*1) The number of share less than 1000 is rounded down to the nearest thousand and the figures of investment ratio are rounded off to the nearest second decimal.

(*2) The number of the shares held by the Japan Trustee Services Bank includes 138,035 thousand shares held in trust accounts.

(*3) The number of the shares held by the Master Trust Bank of Japan includes 30,897 thousand shares held in trust accounts.

(*4) The number of the shares held by the Trust & Custody Services Bank includes 22,681 thousand shares held in trust accounts.

(*5) The number of treasury stock is excluded from the total number of outstanding shares for calculation of the investment ratio.

2) Class-III Preferred Shares

Shareholder	Investment in the Company	
	Shares held (in thousands)	Investment ratio (%)
Lehman Brothers Asia Capital Company	1,500	100.00

3. Directors

(1) Directors and Corporate Auditors (As of March 31, 2009)

Name	Position	Responsibilities	Representation of Other Companies
Akio Dobashi	Representative Director and Chairman		
Masaki Hashikawa	Representative Director and Vice Chairman		
Yutaka Kase	Representative Director and President	CEO	
Yoji Sato	Representative Director and Executive Vice President	Supervising the Corporate Departments CFO	
Hiroyuki Tanabe	Representative Director and Executive Vice President	Supervising the Business Divisions	
Shigeo Muraoka	Director (Part-time)		Advisor, Institute of Energy Economics, Japan
Yoshihiko Miyauchi	Director (Part-time)		Chairman and CEO of Orix Corp., CEO of the Orix Group
Kenji Okazaki	Corporate auditor		
Shunsaku Yahata	Corporate auditor		
Susumu Komori	Corporate auditor		Outside corporate auditor, NHK SPRING CO., LTD.
Kazuo Hoshino	Corporate auditor (Part-time)		
Yukio Machida	Corporate auditor (Part-time)		Lawyer, Nishimura & Asahi Outside director, Mitsui Chemicals, Inc. Outside corporate auditor, ASKUL Corporation

Notes: 1. Mr. Shigeo Muraoka is an outside director as stipulated in Article 2, Item 15, of the Corporation Law.
2. Mr. Shunsaku Yahata, Mr. Kazuo Hoshino and Mr. Yukio Machida are outside corporate auditors as stipulated in Article 2, Item 16, of the Corporation Law.
3. Mr. Hiroyuki Tanabe retired from Representative Director on March 31, 2009.

(2) Directors' and Corporate Auditors' Remunerations

(Millions of yen)

	Directors		Corporate auditors		Total		Remarks
	Number of persons to be paid	Amount	Number of persons to be paid	Amount	Number of persons to be paid	Amount	
Remuneration pursuant to resolution of General Shareholders' Meeting	7	357	7	141	14	499	(*1), (*2)
Internal	6	345	3	79	9	425	
External	1	12	4	61	5	73	

(*1) Directors' maximum remuneration: a resolution at the Ordinary General Shareholders' Meeting held on June 27, 2007
Directors 550 million yen per year (excluding the salary as for being employees)
Outside Directors 50 million yen per year
(*2) Corporate auditors' maximum remuneration: a resolution at the Ordinary General Shareholders' Meeting held on June 27, 2007
Corporate Auditors 150 million yen per year
Note: Amounts less than one million yen have been discarded.

(3) Outside Directors' Concurrent Positions

Position	Name	Other organization	Concurrent position	Relationship
Outside director	Shigeo Muraoka	International Environmental and Energy Issues Study Group (NPO)	Board Director	N/A
Outside corporate auditor	Yukio Machida	Mitsui Chemicals, Inc.	Outside director	N/A
		ASKUL Corporation	Outside corporate auditor	N/A

(4) Outside Directors' and Outside Corporate Auditors' Main Activities

Position	Name	Main activities
Outside director	Shigeo Muraoka	Mr. Muraoka attended all meetings of the Board of Directors in FY2008. A veteran of important positions throughout the economic community, Mr. Muraoka has a broad knowledge and valuable expertise about management, and he provides comments wherever necessary.
Outside corporate auditor	Shunsaku Yahata	Mr. Yahata attended all meetings of the Boards of Directors and Corporate Auditors in FY2008. A veteran of important positions throughout the economic community, Mr. Yahata has a broad knowledge and valuable expertise about management, and he provides comments wherever necessary.
Outside corporate auditor	Kazuo Hoshino	Mr. Hoshino attended 14 of 15 meetings of the Board of Directors in FY2008, and all meetings of the Board of Corporate Auditors in the same year. A veteran of important positions throughout the economic community, Mr. Hoshino has a broad knowledge and valuable expertise about management, and he provides comments wherever necessary.
Outside corporate auditor	Yukio Machida	After assuming the post of the corporate auditor of Sojitz, Mr. Machida attended 10 of 11 meetings of the Board of Directors in FY2008, and nine of 11 meetings of the Board of Corporate auditors in the same year. A veteran of important positions throughout the legal and economic communities, Mr. Machida has a broad knowledge of and valuable expertise in management, and he provides comments wherever necessary.

(5) Limited Liability Agreements with Outside Director and Outside Corporate Auditors

We have executed agreements with outside director Shigeo Muraoka and outside corporate auditors Kazuo Hoshino and Yukio Machida, regarding limiting their liability to either ten million yen or the minimum liability amount stipulated in Article 425, Paragraph 1, of the Corporation Law, whichever is higher.

4. Accounting Auditors

(1) Accounting Auditor's Name

KPMG Azsa & Co.

(2) FY2008 Accounting Auditors' Remunerations

(Millions of yen)

	Amount
	KPMG Azsa &Co.
FY2008 remuneration from the Company	
Remuneration pertaining to tasks that constitute activities stipulated in Article 2, Paragraph 1, of the Certified Public Accountant Law	419
Remuneration pertaining to activities outside the tasks that constitute activities stipulated in Article 2, Paragraph 1, of the Certified Public Accountant Law	12
Total	431
Total amount of money and other financial benefits payable by the Company and subsidiaries to accounting auditors	730

Notes: 1. The audit agreement between Sojitz Corporation and the accounting auditors does not and cannot practically distinguish between remunerations for audits stipulated by the Corporation Law and those stipulated by the Financial Instrument and Exchange Act. For this reason, the amount of the above three items includes remuneration amount for audits based on the Financial Instrument and Exchange Act.

2. Major Sojitz Group subsidiaries, including Sojitz Corporation of America, Sojitz Europe plc, Sojitz Asia Pte. Ltd., and Sojitz (Hong Kong) Ltd., are subject to audits (limited to those provided for in the Corporation Law or Financial Instrument and Exchange Act, or, foreign laws of the pertinent country that correspond to these) by CPAs or auditing firms (or other parties that hold qualifications that correspond to CPA or auditing firm in the pertinent foreign country) other than KPMG Azsa & Co.

3. Amounts less than one million yen have been discarded.

(3) Activities Other than Auditing

We, at Sojitz, entrust our accounting auditors to provide advisory services pertaining to the establishment of internal control systems, regarding financial reporting, a task which constitutes activities stipulated in Article 2, Paragraph 1, of the Certified Public Accountant Law.

(4) Guidelines for Decisions to Dismiss or Not to Re-appoint Accounting Auditors

In the event that the Board of Corporate Auditors deems that an accounting auditor has committed any act stipulated in Article 340, Paragraph 1, of the Corporation Law or otherwise causes any situation that may cause material hindrance to the auditing of Sojitz, the Company shall dismiss the pertinent accounting auditors.

In addition, a director of the Company shall, with the approval of or upon request by the Board of Corporate Auditors, table a motion at a meeting of shareholders to dismiss or not to re-appoint the pertinent auditor and select another suitable auditing firm.

5. A System to Ensure Correct Processes

(1) Fundamental Stance to Governance

We, at Sojitz, consider corporate governance to be a vital part of doing business. In order to keep our corporate governance robust, we are proactive in clarifying our business and disclosure responsibilities to shareholders and other stakeholders, and we strive to maintain a highly transparent management framework and implement aggressive monitoring and supervision. Through these policies we aim to continually raise group-wide profitability and maximize corporate value.

(2) Business Management Framework Pertaining to Decision-making, Execution and Supervision, and Other Corporate Governance

1) Sojitz Governance Institutions

a. Organization

Governance is overseen by the Sojitz Board of Corporate Auditors

b. Directors and Executive Officers

The Sojitz Board of Directors is comprised of seven directors (two of which are invited from the outside of the Company). It is the highest-level decision-making organ in the Company and, as such, deliberates and decides on matters of basic policy and the most important issues pertaining to the running of the Group. Sojitz has promoted the separation of management and execution, as it was decided that, to enhance the governance system, the Chairman of the Board was to chair board meetings, which were formerly chaired by the President as chief of business execution. Moreover, in order to further reinforce the Board of Directors function of supervising business execution, the new post of Vice Chairman of the Board was established in June 2008. The Vice Chairman of the Board works to reinforce the supervision of managing directors and the Company's overall system of execution, together with the Chairman of the Board and outside directors, and provides overall opinions on the Sojitz governance system, including the Board of Directors and the Management Committee.

Aiming to clarify the authorities and responsibilities by separating management decision-making and execution, and to speed up the decision-making and executive processes, we, at Sojitz, have an executive officer system. The term of office of directors and executive officers is limited to one year in order to better allow the company to adapt swiftly and appropriately to rapid changes in the business climate, and to more effectively clarify responsibility to management.

Mr. Shigeo Muraoka is the one outside director of the Company at present; serving on a limited-liability contract. He was selected because of his experience in a variety of important positions throughout the economic community, his noble disposition and piercing insight, and his ability to provide objective advice regarding Sojitz business. Mr. Muraoka attended all 15 board meetings in FY2008. Moreover, he has proactively given his appropriate remarks from the objective standpoint at the Board meetings, etc. during his term and we believe that he is a successful director doing his duty.

While director Mr. Yoshihiko Miyauchi does not meet the criteria for "outside director" as stipulated in Article 2, Item 15, of the Corporation Law, we believe that his independence from Sojitz is substantially equivalent to an outside director. Moreover, he has proactively given his appropriate remarks from the objective standpoint at the Board meetings, etc. during his term and we believe that he is a successful director doing his duty.

We also have a nominating committee and remuneration committee, both headed by those directors invited from the outside of the Company that act as advisory bodies to the Board of Directors so as to ensure fairness and transparency in the appointments of and remuneration for the directors.

c. Corporate Auditors

The Board of Corporate Auditors is comprised of five auditors, three of whom are outside corporate auditors and three of whom are full-time auditors. The auditors are independent from the Board of Directors, and audit the directors' execution of their duties.

Our outside corporate auditors are Mr. Shunsaku Yahata, Mr. Kazuo Hoshino and Mr. Yukio Machida, as they are equipped with experience in a variety of important positions throughout the economic or legal community, noble dispositions and piercing insight, and broad knowledge of and valuable expertise in management.

Mr. Hoshino and Mr. Machida serve on limited-liability contracts. The outside corporate auditors' main activities have been as follows.

Mr. Yahata attended all 15 meeting of Board of Directors in FY2008.

Mr. Hoshino attended 14 of 15 meetings of Board of Directors in FY2008.

Mr. Machida attended 10 of 11 meetings of the Board of Directors in FY2008, after assuming the post of the corporate auditor of the Company.

d. Support for Outside Directors and Auditors

We provide support for outside directors such as by providing information about items on the agenda of board meetings well in advance of the meetings, as well as relaying relevant reports and other pertinent matters.

The Board of Corporate Auditors has a dedicated support organization, the Corporate Auditors' Office, which is manned by three dedicated staffs to help provide information, relevant reports and other pertinent matters to outside auditors.

2) Business Execution, Auditing, Supervision, Nomination and Remuneration Decisions

a. Execution and Management

We, at Sojitz, have the bodies for execution and management such as follows.

Management Committee (meets twice-monthly)

The committee is comprised of managing directors and the heads of the Business Divisions and Corporate Departments, and deliberates and decides on important matters pertaining to the running of the business.

Finance and Investment Deliberation Committee (meets twice monthly)

The committee is comprised of managing directors and the heads of the Corporate Departments, and deliberates and decides on major finance and investment opportunities.

Internal Committees

To tackle management issues that affect the entire Sojitz organization, we have established several internal committees. These are the Internal Control, Compliance, and CSR Committees.

Moreover, we have newly set up the Portfolio Management Committee to review policies and make a proposal for establishing the optimal portfolio of assets in FY 2009.

b. Selection of Directors, Remuneration Decisions

We, at Sojitz, have the following advisory bodies to the Board of Directors to help select directors and decide on remuneration.

Nominating Committee (meets twice in a year)

Chaired by the directors invited from the outside of the Company, the committee deliberates on and proposes standards and methods for the selecting and assessing director and executive officer candidates.

Remuneration Committee (meets thrice in a year)

Chaired by the directors invited from the outside of the Company, the committee deliberates on and proposes standards for directors' and executive officers' remuneration, as well as systems pertaining to performance assessments and remuneration.

c. Corporate Audit, Accounting Audit and Internal Audit

- Corporate Audit

Organization:	Board of Corporate Auditors
Staff:	Five corporate auditors, including three outside corporate auditors. Of the five, three are full-time, two are part-time; one of the outside corporate auditors is full-time.
Procedure:	Pursuant to the Corporate Audit Standards established by the Board of Corporate Auditors and in line with audit plans and task assignments, corporate auditors attend meetings of the board of directors and other important meetings such as those of the Management Committee and Finance and Investment Deliberation Committee. They receive reports from directors about their performance of tasks, read vital decision-making documents, and requested business reports from subsidiaries, thus auditing the company and monitoring and supervising its management. Corporate auditors receive explanations of audit plans and regular audit reports from the accounting auditors, which allow for sharing of information and efficiency in auditing processes, and meanwhile monitor the independence of the accounting auditors. In addition, the Audit Department outlines its audit plans and provides biannual auditing reports to the Board of Corporate Auditors. Furthermore, this cooperation is underscored by constant, interactive exchange of information. In one example, full-time corporate auditors attend audit review meetings held by the Audit Department and submit corporate auditors' written opinions in response to the Audit Department's auditing activities.

- Accounting Audit

Sojitz has an audit system for accounting audits under the Corporation Law, for financial statement audits, quarterly reviews and internal control audits under the Financial Instrument and Exchange Act, under which KPMG Azusa & Co. is engaged in. Details of the executive officers and staff working with Sojitz in FY2008 are as follows:

CPAs		Auditing firm
Designated member Executive officers	Takuichi Arai	KPMG Azusa & Co.
	Iwao Hirano	
	Tomoki Kasama	

The staff of 10 CPAs and 20 assistant CPAs work on accounting audits for Sojitz.

Because all of the CPAs that audited Sojitz have served for less than seven years, details have been omitted.

- Internal Audit

Organization:	Audit Department
Staff:	In total, 33 people up to department head
Procedure:	Based on an audit plan authorized by the Board of Directors at the beginning of each fiscal year, the Audit Department audits the Business Divisions, the Corporate Departments, including the the Finance Department, consolidated subsidiaries and major overseas subsidiaries (US, Europe, Asia and China). The domestic departments (including those that engage in hedge trading and other futures transactions) and primary consolidated subsidiaries are audited annually; others biennially. The Business Divisions are required to keep close and timely eye on trade risks, and a Self-inspection System has been implemented to those divisions, together with group companies. The System entails repeatedly running in-house checks in order to enable them to nip problems in the bud, thereby continually promoting efficiency of processes, preventing losses and maintaining a strong focus on risk management. Under this system, a check list compiled by the Audit Department is used to conduct biannual checks, and areas identified as needing improvement are subjected to thorough follow-ups. Placing emphasis on compliance, reliable financial reporting, risk management and inventory management status, we closely monitor audited departments to ensure that internal control systems and governance are functioning correctly. After testing and assessment of whether or not major management risks are involved, reports are furnished to the President and advice given on how to effectively improve the workplace. After auditing, the department holds audit review meetings to report on audit records, with the audited departments, the presidents of divisions responsible, the directors responsible for Corporate Departments, and Corporate Auditors. Summaries of the audit reports are submitted to the President. Also, the Chairman of the Board, Vice Chairman, President and Executive Vice President receive explanations and the Audit Department takes necessary actions each month. In order to ensure the audited departments work swiftly to improve that areas identified during audits as needing improvement, they are required to report back after three and six months, while follow-up audits are conducted to check on their progress.

(3) Policies regarding Shareholders and Other Stakeholders

1) Efforts to Ensure Vital Shareholders' Meetings and Unhindered Exercising of Voting Rights

At Sojitz, we have a range of measures in place for shareholders' meetings:

-Early serving of shareholders' meeting convention notices

-Avoiding holding shareholders' meetings on days on which many companies hold theirs

-Computerized exercising of voting rights

-Publishing of *Shareholders Magazine* business reports

-Website for non-corporate shareholders

-Hosting shareholder gatherings after shareholders' meetings

2) Investor Relations

At Sojitz, the Investor Relations Department organizes seminars for analysts and institutional investors and individual meetings. We have been paying visits to foreign investors and holding individual meetings or periodic seminars for them, and we now fully intend to make these a continuing part of our investor relations activities. There is also a generous range of materials—generally hand-outs from investor seminars—on the Sojitz website.

Meanwhile, through holding shareholder gatherings as an opportunity for individual shareholders to have direct conversations with our management, as well as publishing the *Shareholders Magazine* as an information transmission tool, we at Sojitz have beefed up our shareholder relations (SR) activities to address the needs of non-institutional investors as well.

3) Respect for Stakeholders' Circumstances

- Standards for respect for stakeholders' circumstances

  We, at Sojitz, have the Compliance Code of Conduct Manual that stipulates how we should orient our daily actions to pleasing our stakeholders and how the Group makes the earning and maintaining the trust of stakeholders a group-wide goal.
- CSR and environmental protection activities

  The Group believes that CSR is the steady practice of corporate policy.

  In our corporate activities, we aim to strike a balance between the economy, the environment and the community so as to best make a contribution to our stakeholders and build up trust relationships.

  Furthermore, we are proactive in implementing environment-minded measures such as energy and resource conservation, waste reduction, recycling and "green" purchasing, etc. Indeed, every Sojitz employee makes an effort to reduce environmental impact, and the promotion of eco-friendly business is a group-wide target. We operate a range of businesses in a variety of areas that are conductive to protection of the natural environment.
- Formulation of policy for disclosure of information to stakeholders

  Under the Compliance Code of Conduct Manual, not only do we provide information that is legally required to be disclosed, but we also offer information not subject to law but still relevant in order that we might promote more accurate understanding among stakeholders and better earn their trust.

(4) Internal Control System: Basic Stance and Implementation

1) Basic Stance

At Sojitz, we have long striven to implement and maintain our internal control systems in our regulations, organization and systems, and have adopted the resolution below as basic policy regarding the implementation of the System to Ensure Correct Processes.

a. System to Ensure Compliance in Execution of Business by Directors and Employees

The Sojitz Group Compliance Code of Conduct, the Compliance Code of Conduct Manual and the Sojitz Group Compliance Program were implemented in an attempt to ensure that all titled employees of the Group complied with law, the Articles of Incorporation and internal regulations.

A compliance framework was set up centered on the Compliance Committee to clarify the duties for which each department of the company is responsible, and to comply with the all relevant laws and keep abreast of any changes therein.

Absolutely no relationship must exist with anti-social entities, and against illegal requests, strict handling must be carried out, including legal responses, and this policy must be thoroughly understood by the Group overall.

Separate internal regulations were established for security trade control, prevention of insider trading and other legally sensitive areas, and an aggressive effort made to ensure compliance regarding these issues.

b. System for Storage and Handling of Information regarding Directors' Execution of Businesses

The internal regulations pertaining to the Board of Directors and document management are to stipulate a term of storage of Board meeting minutes, collective decision documents and other important documents pertaining to directors' execution of business longer than that required by law, as well as the company department responsible for doing so, and a system established so that these can be viewed where necessary.

c. Regulations regarding Management of Loss Risks; Other Systems

Internal regulations and procedures were implemented to help identify and classify internal and external risks that may lead to losses, and a department was appointed to be responsible for such risk management. Through this effort, we aim to prevent losses and minimize any that may arise.

Credit and business investment risks are to be evaluated and dealt with appropriately in accordance with risk management regulations. Market risks are to be minimized as much as possible in line with relevant regulations. Regulations and manuals are to be prepared for natural disaster contingencies.

The various internal regulations and procedures implemented are to be subjected to ongoing checks as to their efficacy, and improvements made where necessary. In the event that any new risk may arise as a result of changes in the business climate, internal regulations are to be implemented swiftly to deal with them, and a person and department appointed to be responsible.

d. System to Ensure Efficient Execution of Directors' Businesses

Assignment of directors' and executive officers' roles and departments' tasks, a chain of commands, authorities and decision-making rules are to be clearly established.

Important matters to be decided on by the Board of Directors are to be clearly defined by the Board of Directors' Regulations, and the Management Committee and other deliberation councils and committees formed in order to deliberate and decide on such important matters and areas. Matters that are to be reported to the Board of Directors shall also be clearly defined by the Board of Directors' Regulations, and the pertinent parties caused to make such reports.

Management policies are to be promptly communicated throughout the company via the Management Committee or Corporate Planning Department, and the Company will endeavor to ensure thorough awareness among titled employees by oral and written means.

e. System to Ensure Correct Processes throughout the Sojitz Group

A section dedicated to the administration and operation of the Sojitz Group companies is to be put in place. This will help ensure healthy management of the group companies and offer a boost for the Audit Department to conduct internal audits of group companies and assess the correctness of their business.

The Compliance Code of Conduct and the Compliance Program apply to the whole Group, and all group companies are expected to comply.

Group companies' business processes are to be inspected and strengthened with an eye to assessing internal control systems pertaining to consolidated financial reporting.

f. Corporate Auditors' Staff and Systems to Ensure their Independence from Directors

A Corporate Auditors Office is to be established and staffed as necessary in order to help the corporate auditors with their work. The staff will perform their work in line with corporate auditors' instructions, and assessments and transfers of such staff shall require the approval of the corporate auditors.

g. System for Directors', Employees' and other Reports to Corporate Auditors

The Board of Directors' Regulations shall stipulate that any director that makes a discovery of something, which may cause significant damage to Sojitz, shall promptly report to the corporate auditors. Upon completion of investigation by the Audit Department, a copy of the internal audit report shall be distributed to the corporate auditors.

The Board of Corporate Auditors may demand reports where necessary from accounting auditors, directors or other persons.

h. System to Otherwise Ensure the Efficacy of Corporate Auditing

Corporate auditors shall attend meetings of the Board of Directors and shall offer their opinions as necessary. They may also attend important meetings such as those of the Management Committee so as to be directly privy to proceedings from deliberations regarding important matters to reports.

The Representative Director shall meet regularly with the corporate auditors and exchange opinions on issues with which the company must deal, the corporate auditing environment and other important audit-related matters.

2) Implementation

a. Overview

The conditions of internal control systems of the Company and Sojitz Group companies work centering on the inspection and bolstering of legal compliance systems, led by the Compliance Committee, and of risk management methods, led by the Risk Management Department, and on the promotion of "Assessment of Internal Controls Regarding Financial Reporting" under the Financial Instrument and Exchange Act, led by the Internal Control Systems Committee, and thereby internal control systems in general are maintained and improved in operation.

b. Compliance

We are engaged in the following activities in order to ensure compliance.

The Sojitz Group Compliance Code of Conduct and the Compliance Code of Conduct Manual have been printed in booklet form and distributed to employees of all group companies so as to ensure thorough awareness of the importance of compliance. Moving forward, we will place more emphasis in education, such as by holding regular training workshops tailored to specific tiers of our corporate hierarchy, e-learning training at the Company and compliance training workshops aimed exclusively at group companies.

Aiming to prevent or swiftly identify and react to violations of law within the Sojitz Group, we preach the importance of initial reports to the Compliance Committee, and are working to ensure full awareness of the issues, and at the same time we engage in comprehensive checking of the status of compliance inside the Group. We have also set up a whistleblower hotline to the CCO and an outside attorney, and consultations window at the Legal Department.

Shutting off relationships with anti-social entities is specified in the Sojitz Group Compliance Code of Conduct, the Compliance Code of Conduct Manual and Manual for Handling Anti-social Entities in an attempt to ensure full awareness and thorough implementation by all executives and employees of the Group, in addition to handling of issues by the in-house sections dedicated to reporting and consulting thereon.

The Audit Department conducts compliance-centric audits of all companies in the Sojitz Group. The audits focus strongly on compliance with law, articles of incorporation and internal regulations.

c. Risk Management

We are engaged in the following activities to manage risks.

Market risks are minimized as a basic policy by matching assets and liabilities such as product transaction balances, and hedge transactions including forward exchange contracts, commodity futures trading and forward deliveries, and interest swaps.

Credit risks are controlled through the use of an internal credit rating system for each trading partner.

Country risks are controlled with use of a country rating system, which determines a maximum volume of exposure for each country.

Business investment risks are controlled through the use of a system that assesses partner risks and business-specific qualities and establishes stringent criteria—e.g., comparison with internal rates of return—for deciding on whether or not to proceed with new projects. We do follow-up checks constantly and keep strict criteria for withdrawal.

Combining all of the aforementioned risk management methods, our comprehensive risk management system allows us to accurately judge the volume of risk assets overall and keep risk assets pinned to shareholders' equity.

The businesses of the Group are by their natures exposed to various risks, and we at the Group manage the respective risks corresponding to the characteristics of each of these, upon classification by item and defining those risks that are quantifiable, including the aforementioned risks.

d. Group Companies Business Management

The business management of Sojitz Group companies centers on the integrated establishment and maintenance by the Corporate Planning Department of a group company business management system, and on auditing of group companies by the Audit Department (annually for primary group companies) for intensifying the inhibition of inappropriate actions, and bolstering our ability to identify problems early and prevent losses. In this way, we encourage self-inspection and the stance of business improvement in our workplaces. Additionally, consolidating the cooperation between the Audit Department and the auditors of major group companies through the exchange of information, we conduct an efficient monitoring framework aptly suited to consolidated management.

e. Ensuring Reliability of Financial Reporting

The Internal Control System Committee plays a central role and is maintaining and improving the internal control systems of the entire Sojitz Group, aiming at their evolution into ever-higher levels of quality to ensure financial report reliability. As FY2008 was the initial year of application of the system of "assessment, reporting and auditing of internal controls pertaining to financial reporting," we carried out an assessment of the effectiveness of internal controls in accordance with the implementation standards of the relevant system, and meanwhile in order to re-ensure full awareness of securing the reliability of financial reporting and the importance of internal control activities for that purpose by the entire Group, we determined Basic Policies to Ensure Proper Financial Reporting at meetings of the Board of Directors as below, and ensure full awareness and thoroughgoing observance thereof.

Basic Policies to Ensure Proper Financial Reporting

We believe one of the most important targets for maintenance and improvement of our social credibility is to ensure proper financial reporting, and shall determine the following basic policies upon commencement of application of Internal Control Report System as prescribed in Article 24-4-4 of the Financial Instrument and Exchange Act of Japan.

1. Basic Principles to Ensure Proper Financial Reporting

- Our Group always chooses the appropriate accounting principles and determines as the rules, to familiarize all the executives and employees of the Group with the rules, and to carry out accounting processing in accordance with this principle.

- We ensure thoroughgoing recognition by all of our executives and employees of the fact that false representations that arise from not only just through improperness or willful act, but also from carelessness and lack of understanding of accounting standards will damage the credibility of our financial reporting, and significantly harm the trustworthiness of the Group, and the fact that should such a circumstance occur we will carry out a strict disposition.

2. Preparation of Systems and Procedures to Ensure Proper Financial Reporting

- The Board of Directors must recognize that it has the responsibility to supervise and monitor the managers properly with respect to financial reporting and internal controls pertaining thereto, and exercise that responsibility.
- In order to ensure proper financial reporting, we will build up proper organizational structures that conform to the business lines of our Group, and specify the allocation of duties pertaining to financial reporting, and allocate the authority and obligations appropriately.
- We will distinguish and analyze the risks of the possible occurrence of significant false representations, and then set up effective internal controls to lessen those risks, and implement these in good faith.
- We will construct mechanisms to monitor internal controls pertaining to financial reporting on a daily basis, and prepare a system for timely and proper reporting of internal control related issues grasped by daily monitoring.
- We will prepare and construct a system in which important internal controls-related information pertaining to financial reporting is conveyed in a timely fashion and properly at the respective levels of management, managers, and persons in charge.

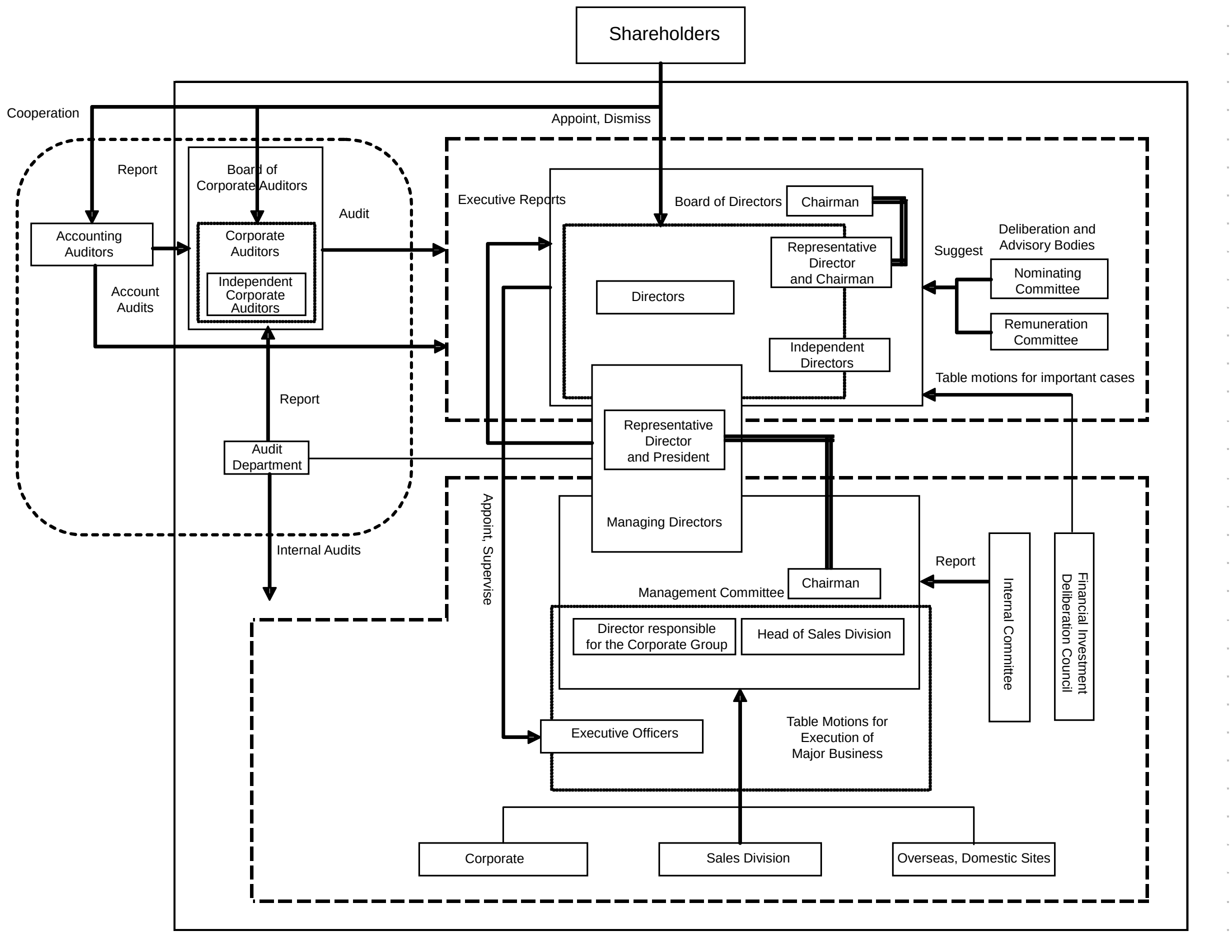
3. Use of IT on Internal Control Pertaining to Financial Reporting

- We recognize the importance of the IT infrastructure in relation to internal controls pertaining to financial reporting, and commit to properly understand the related risks, attempt to lessen those risks, and strive for efficient implementation of internal controls upon effective utilization of IT controls.

4. "Assessment and Report of Internal Controls Pertaining to Financial Reporting" pursuant to the Financial Instrument and Exchange Act

- We will carry out in good faith the "assessment and report of internal controls pertaining to financial reporting by management" of the Sojitz Group pursuant to the Financial Instrument and Exchange Act. Detailed policies and plans will be separately determined as necessary.
- We will correct without delay any insufficiency and material defect in our internal controls discovered in the process of the "assessment and report of internal controls pertaining to financial reporting by management" of the Sojitz Group pursuant to the Financial Instrument and Exchange Act.

The diagrams below outline the Sojitz corporate governance structure.



Financial Statements
Consolidated Financial Statements
Consolidated Balance Sheets

(Millions of yen)

Account	As of Mar. 31, 2009	As of Mar. 31, 2008
Assets		
Current assets	1,473,172	1,675,946
Cash and deposits	421,629	380,195
Notes and accounts receivable-trade	522,397	691,492
Short –term investment securities	2,123	9,180
Inventories	382,899	422,158
Short-term loans receivable	9,375	11,609
Deferred tax assets	15,821	19,179
Other	129,237	156,000
Allowance for doubtful accounts	(10,312)	(13,869)
Noncurrent assets	838,375	990,875
Property, plant and equipment	209,720	232,018
Buildings and structures	56,753	63,529
Machinery, equipment and vehicles	87,664	96,783
Land	50,154	56,393
Construction in progress	10,710	7,139
Other	4,436	8,172
Intangible assets	114,855	133,343
Goodwill	60,685	65,466
Other	54,170	67,876
Investments and other assets	513,798	625,514
Investment securities	351,466	480,993
Long-term loans receivable	27,908	36,961
Bad debts	92,378	109,440
Deferred tax assets	64,137	31,053
Other	39,435	44,400
Allowance for doubtful accounts	(61,526)	(77,335)
Deferred assets	1,410	2,529
Business commencement expenses	59	159
Stock issuance cost	790	1,918
Bond issuance cost	559	451
Total assets	2,312,958	2,669,352

Account	As of Mar. 31, 2009	As of Mar. 31, 2008
Liabilities		
Current liabilities	1,039,857	1,383,451
Notes and accounts payable-trade	418,811	578,995
Short-term loans payable	351,841	497,208
Commercial papers	35,000	25,000
Current portion of bonds	42,136	75,100
Income taxes payable	7,230	8,246
Deferred tax liabilities	597	53
Provision for bonuses	5,503	7,686
Other	178,734	191,161
Noncurrent liabilities	917,597	765,572
Bonds payable	155,120	141,496
Long-term loans payable	702,861	560,281
Deferred tax liabilities	15,528	16,685
Deferred tax liabilities for land revaluation	1,045	1,193
Provision for retirement benefits	16,174	19,410
Provision for directors' retirement benefits	872	958
Other	25,994	25,548
Total liabilities	1,957,454	2,149,024
Net assets		
Shareholders' equity	454,491	451,619
Capital stock	160,339	160,339
Capital surplus	152,160	152,160
Retained earnings	142,157	139,264
Treasury stock	(166)	(145)
Valuation and translation adjustments	(135,500)	24,412
Valuation difference on available-for-sale securities	6,236	60,280
Deferred gains or losses on hedges	1,510	1,345
Revaluation reserve for land	(1,907)	(2,530)
Foreign currency translation adjustment	(141,340)	(34,684)
Minority interests	36,512	44,296
Total net assets	355,503	520,327
Total liabilities and net assets	2,312,958	2,669,352

(Amounts less than one million yen have been discarded.)

Consolidated Statements of Income

(Millions of yen)

Account	FY 2008 (From April 1, 2008, to March 31, 2009)		FY 2007 (From April 1, 2007, to March 31, 2008)	
Net sales		5,166,182		5,771,028
Cost of sales		4,930,564		5,493,296
Gross profit		235,618		277,732
Selling, general and administrative expenses		183,611		185,368
Operating income		52,006		92,363
Non-operating income		29,977		61,095
Interest income	9,597		13,715	
Dividends income	8,349		5,004	
Equity in earnings of affiliates	2,455		28,911	
Gain on sales of investment securities	—		61	
Other	9,574		13,402	
Non-operating expenses		48,347		51,979
Interest expenses	29,145		33,101	
Interest on commercial papers	306		183	
Foreign exchange losses	5,243		5,664	
Other	13,651		13,030	
Ordinary income		33,636		101,480
Extraordinary income		41,125		15,827
Gain on sales of noncurrent assets	6,806		1,187	
Gain on sales of investment securities	30,764		9,605	
Gain on sales of equity investment without stock	0		166	
Gain on changes in equity	28		121	
Reversal of allowance for doubtful accounts	2,245		4,540	
Gain on sale of certain overseas receivables	—		29	
Gain on bad debts recovered	110		177	
Gain on liquidation of subsidiaries and affiliates	1,169		—	
Extraordinary loss		37,691		28,962
Loss on sales and retirement of noncurrent assets	542		1,473	
Impairment loss	12,151		6,994	
Loss on sales of investment securities	561		659	
Loss on sales of equity investment without stock	0		2	
Loss on revaluation of securities	15,132		6,085	
Loss on changes in equity	80		26	
Loss, and provision for loss, on dissolution of subsidiaries and affiliates	3,752		9,107	
Restricting losses	47		4,613	
Loss on valuation of inventories	5,421		—	
Income before income taxes and minority interests		37,070		88,344
Income taxes—current		19,229		20,118
Income taxes—deferred		(2,490)		2,062
Minority interests in income		1,330		3,469
Net income		19,001		62,693

(Amounts less than one million yen have been discarded.)

Consolidated Statements of Changes in Shareholders' Equity

(Millions of yen)

	FY 2008 (From April 1, 2008, to March 31, 2009)	FY 2007 (From April 1, 2007, to March 31, 2008)
Shareholders' equity		
Capital stock		
Balance at the end of the previous period	160,339	122,790
Changes of items during the period		
Issuance of new shares-exercise of subscription rights to shares	—	37,549
Total changes of items during the period	—	37,549
Balance at the end of the current period	160,339	160,339
Capital surplus		
Balance at the end of the previous period	152,160	158,593
Changes of items during the period		
Issuance of new shares-exercise of subscription rights to shares	—	37,450
Transfer to capital surplus from retained earnings	—	58,115
Retirement of treasury stock	—	(102,000)
Total changes of items during the period	—	(6,433)
Balance at the end of the current period	152,160	152,160
Retained earnings		
Balance at the end of the previous period	139,264	147,206
Changes of items during the period		
Transfer to capital surplus from retained earnings	—	(58,115)
Dividends from surplus	(11,125)	(12,322)
Net income	19,001	62,693
Reversal of revaluation reserve for land	(622)	339
Effect from changes of consolidated subsidiaries and affiliates accounted for under the equity method	36	(477)
Effect of changes in accounting policies applied to foreign subsidiaries	(3,660)	(141)
Minimum pension liability adjustment	(736)	81
Total changes of items during the period	2,893	(7,942)
Balance at the end of the current period	142,157	139,264
Treasury stock		
Balance at the end of the previous period	(145)	(126)
Changes of items during the period		
Purchase of treasury stock	(20)	(102,018)
Retirement of treasury stock	—	102,000
Change in equity in affiliates accounted for by equity method-treasury stock	0	(0)
Total changes of items during the period	(20)	(18)
Balance at the end of the current period	(166)	(145)
Total shareholders' equity		
Balance at the end of the previous period	451,619	428,464
Changes of items during the period		
Issuance of new shares-exercise of subscription rights to shares	—	75,000
Transfer to capital surplus from retained earnings	—	—
Dividends from surplus	(11,125)	(12,322)
Net income	19,001	62,693
Reversal of revaluation reserve for land	(622)	339
Effect from changes of consolidated subsidiaries and affiliates accounted for under the equity method	36	(477)
Effect of changes in accounting policies applied to foreign subsidiaries	(3,660)	(141)
Minimum pension liability adjustment	(736)	81
Purchase of treasury stock	(20)	(102,018)
Retirement of treasury stock	—	—
Change in equity in affiliates accounted for by equity method-treasury stock	0	(0)
Total changes of items during the period	2,872	23,154
Balance at the end of the current period	454,491	451,619

(Millions of yen)

	FY 2008 (From April 1, 2008, to March 31, 2009)	FY 2007 (From April 1, 2007, to March 31, 2008)
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the end of the previous period	60,280	94,316
Changes of items during the period		
Net changes of items other than shareholders' equity	(54,044)	(34,036)
Total changes of items during the period	(54,044)	(34,036)
Balance at the end of the current period	6,236	60,280
Deferred gains or losses on hedges		
Balance at the end of the previous period	1,345	623
Changes of items during the period		
Net changes of items other than shareholders' equity	165	722
Total changes of items during the period	165	722
Balance at the end of the current period	1,510	1,345
Revaluation reserve for land		
Balance at the end of the previous period	(2,530)	(1,935)
Changes of items during the period		
Net changes of items other than shareholders' equity	622	(595)
Total changes of items during the period	622	(595)
Balance at the end of the current period	(1,907)	(2,530)
Foreign currency translation adjustment		
Balance at the end of the previous period	(34,684)	(32,882)
Changes of items during the period		
Net changes of items other than shareholders' equity	(106,656)	(1,801)
Total changes of items during the period	(106,656)	(1,801)
Balance at the end of the current period	(141,340)	(34,684)
Total valuation and translation adjustments		
Balance at the end of the previous period	24,412	60,122
Changes of items during the period		
Net changes of items other than shareholders' equity	(159,912)	(35,710)
Total changes of items during the period	(159,912)	(35,710)
Balance at the end of the current period	(135,500)	24,412
Minority interests		
Balance at the end of the previous period	44,296	43,048
Changes of items during the period		
Net changes of items other than shareholders' equity	(7,784)	1,248
Total changes of items during the period	(7,784)	1,248
Balance at the end of the current period	36,512	44,296
Total net assets		
Balance at the end of the previous period	520,327	531,635

(Millions of yen)

	FY 2008 (From April 1, 2008, to March 31, 2009)	FY 2007 (From April 1, 2007, to March 31, 2008)
Changes of items during the period		
Issuance of new shares-exercise of subscription rights to shares	—	75,000
Dividends from surplus	(11,125)	(12,322)
Net income	19,001	62,693
Reversal of revaluation reserve for land	(622)	339
Effect from changes of consolidated subsidiaries and affiliates accounted for under the equity method	36	(477)
Effect of changes in accounting policies applied to foreign subsidiaries	(3,660)	(141)
Minimum pension liability adjustment	(736)	81
Purchase of treasury stock	(20)	(102,018)
Change in equity in affiliates accounted for by equity method-treasury stock	0	(0)
Net changes of items other than shareholders' equity	(167,697)	(34,462)
Total changes of items during the period	(164,824)	(11,307)
Balance at the end of the current period	355,503	520,327

(Amounts less than one million yen have been discarded.)

Notes on Consolidated Financial Statements

Basis of Presenting Consolidated Financial Statements

1. Scope of Consolidation

(1) Number of Consolidated Subsidiaries: 354

The principal consolidated subsidiaries of the Sojitz Group are as follows:

Sojitz Aerospace Corporation, Sojitz Machinery Corporation, Sojitz Marine & Engineering Corporation, Nissho Electronics Corporation, Sojitz Energy Corporation, Sojitz Pla-Net Holdings, Inc., Sojitz Pla-Net Corporation, Pla Matels Corporation, Sojitz Building Materials Corporation, Sojitz Commerce Development Corporation, Sojitz General Property Management Corporation, Sojitz Realnet Corporation, Sojitz Foods Corporation, Sojitz Infinity Inc., Sojitz Fashion Co., Ltd., Sojitz Kyushu Corporation, Sojitz Corporation of America, Sojitz Europe plc, Sojitz Asia Pte. Ltd., Sojitz (Hong Kong) Ltd.

Twenty-six companies were newly brought under Sojitz consolidation during the current consolidated fiscal year, as a result of new incorporation or acquisition of existing companies, while thirty-two consolidated companies were removed from the scope of consolidation, due to liquidation, merger or other reasons.

(2) Principal Non-consolidated Subsidiaries

CRJ Investment, Inc.

Reason for excluding this company from the consolidation:

Since the amounts of the total assets, net sales, net income and retained earnings of this company are so low that they would not significantly influence the consolidated financial statements, this company is excluded from the scope of consolidation.

2. Application of Equity Method

(1) Number of Non-consolidated Affiliates and Subsidiaries Accounted for by the Equity Method: 184

The principal equity-method affiliates of the Sojitz Group are as follows:

Metal One Corporation, LNG Japan Corporation, JALUX, Inc.

Twelve companies became equity-method companies during the consolidated fiscal year, as a result of new incorporation of existing companies; thirty-seven companies were sold and therefore became non-equity-method companies.

(2) Principal Non-consolidated Affiliates and Subsidiaries not Accounted for by the Equity Method:

D-Storm, Inc.

Reason for not applying the equity method to this company:

Since the amounts of the net income and retained earnings of this company are so low that they would not significantly influence the consolidated financial statements, this company is excluded from the target to which the equity method applies.

3. Consolidated Subsidiaries' Business Years

A total of 231 consolidated subsidiaries use settling days different from that of the consolidated settlement of accounts. If the settling day of a consolidated subsidiary differs from the consolidated settling day by up to three months, the financial statements of that subsidiary are used for consolidated accounting. If the settling day difference significantly influences business transactions, adjustment to be required for consolidation is made on the business transaction. If the settling day of a consolidated subsidiary differs from the consolidated settling day by longer than three months, a settlement procedure considered as reasonable for a consolidated subsidiary is conducted for that subsidiary on the consolidated settling day.

4. Accounting Standards

(1) Standards and Methods of Valuation of Significant Assets

1) Securities (including investment securities)

Trading securities

The market value method is used.

Cost of sales is generally calculated using the moving average method.

Bonds held to maturity

The amortization method (straight-line method) is used.

Other securities

Those with fair market value

Such securities are determined by the market value method based on the market value on the consolidated settling day (related valuation differences are directly charged or credited to the shareholders' equity and cost of securities sold is calculated using the moving average method).

Those without fair market value

Such securities are valued at cost based on the moving average method. Investments in a limited partnership for investment or a similar partnership (considered as marketable securities in accordance with Article 2, Paragraph 2, of the Financial Instruments and Exchange Act) are stated at their net equity value based on the most recent financial statements that are available on the settlement report date as specified in the partnership agreement.

2) Derivatives

The market value method is used.

3) Investment-purpose Money Trusts

The market value method is used.

4) Inventories

Inventories retained for ordinary sale

Inventories retained for ordinary sale are generally valued at cost based on the specific identification method or moving average method (balance sheet values are calculated using the method of devaluing the carrying amount based on decline of profitability), but some overseas consolidated subsidiaries use a lower-of-cost-or-market method based on a specific identification scheme.

Inventories retained for trading

The market value method is used.

(2) Methods of Depreciation for Significant Depreciable Assets

1) Property, plant and equipment (excluding lease assets)

The declining balance method is generally used. However, the straight-line method has been used for buildings (excluding their attached facilities) that were acquired on or after April 1, 1998.

The useful lives for major tangible assets are as follows:

Buildings and structures:	2 to 60 years
Machinery and vehicles and transport equipment:	2 to 40 years

(Additional Information)

Due to the revision of the Corporation Tax Act in FY2008, the depreciation method for machinery and equipment was changed so that useful lives under the revised Corporation Tax Act are used from this consolidated period. The impact of this change on gross profit, operating income, ordinary income and income before income taxes and minority interests in this consolidated period is negligible.

2) Intangible Assets (excluding lease assets)

The straight-line method is generally used. Software for in-house use is amortized by the straight-line method based on the in-house service life (five years). Certain consolidated subsidiaries use the unit-of-production method for mining rights.

3) Lease Assets

Lease assets on finance lease transactions that do not transfer ownership

The straight-line method is used over the lease period without residual value.

Of above finance lease transactions, those transactions in which lease commenced on or before March 31, 2008, are accounted for as operating leases.

(3) Accounting Standards for Significant Provisions

1) Allowance for Doubtful Accounts

In preparation for losses from bad receivables, bad loans, or other bad debts, possibilities of recovery of general debts are considered, based on the actual bad debt write-off rates, while for specific debts where default is likely, it is considered on an individual basis. The expected write-off amount as the result of this consideration is listed in accounts.

2) Provision for Bonuses

In preparation for the payment of employee bonuses, the amount expected to be paid is listed in accounts.

3) Provision for Retirement Benefits

In preparation for the payment of retirement benefits to employees, this provision is stated at the amount, reasonably expected to be paid at the end of the current consolidated period, based on the retirement benefit liabilities at the end of the period and the expected amount of pension assets.

4) Provision for Directors’ Retirement Benefits

In preparation for the payment of retirement benefits to directors, auditors and executive officers, the estimated amount payable at the end of the current consolidated period, as calculated pursuant to the internal regulations is listed in accounts.

(4) Standards for Converting Significant Assets or Liabilities in Foreign Currency to Those in Local Currency

Credits and debts in foreign currency are converted to those in yen at the spot exchange rate on the consolidated settling day, and the exchange differences are stated as profit or loss. The assets and liabilities of overseas subsidiaries are converted to yen equivalents at the spot exchange rate on the pertinent subsidiary's settling day, and earnings and expenses are converted to yen equivalents at the current-period average exchange rate.

The exchange differences are included in the minority interests and in the foreign currency translation adjustment contained in the Net assets section.

(5) Significant Hedge Accounting Methods

1) Hedge Accounting Method

In general, the deferred hedge accounting is used. Forward exchange contracts, currency swaps, and currency options that fulfill the allocation requirements are subjected to the allocation accounting method, while interest rate swaps that fulfill the specific matching criteria are subjected to the accounting methods stipulated by those criteria.

2) Hedging Instruments and Hedged Items

Forward exchange contract, currency swap, and currency option transactions are used as hedging instruments against exchange rate variation risks involved in transactions in foreign currencies; interest rate swap, interest rate cap, and interest rate option transactions are used as hedging instruments against interest rate variation risks involved in debts, loans, coupon bonds, and similar transactions; commodity future, forward delivery, and also, similar transactions are used as hedging instruments against precious metals, grain, petroleum, and other merchandise price variation risks.

3) Hedge Policy

To avoid currency, interest rate, securities value, merchandise price variation risks that may accompany with our business activities, derivative transactions are generally used to hedge these risks in accordance with in-house management regulations.

4) Hedge Effectiveness Evaluation Method

Cumulative cash-flow or market fluctuations in hedged items are compared with those in as hedging instruments quarterly. Effectiveness is evaluated, based on the fluctuations in both quantities. However, effectiveness evaluation is not conducted on interest rate swaps that rely on accounting methods to which specific matching criteria are applied.

(6) Other Basis of Presenting Consolidated Financial Statements

1) Accounting for Deferred Assets

Business commencement expenses are amortized equally each year over the period the start-up remains effective, within five years after the start of business.

Stock issuance cost are amortized equally each year over three years.

Bond issuance cost are amortized on a straight-line basis over the period until bond maturity. However, negligible amounts are expensed collectively.

2) Treating Interest Expenses Associated with Large Real-estate Development Projects as Part of Historical Cost

Interest expenses for a large real-estate development project (whose total investment is 2 billion yen or more and whose development period exceeds one year) during the normal development period are treated as part of the historical cost.

3) Accounting for Consumption Tax

The tax-excluded method is used.

4) Application of Consolidated Tax Systems

The consolidated tax system is applied.

5. Valuation of Consolidated Subsidiaries' Assets and Liabilities

The assets and liabilities of consolidated subsidiaries are totally valuated at their market values.

6. Amortization of Goodwill

Goodwill is amortized on a straight-line basis over five to 20 years, negative goodwill is amortized in five years but if this cost is low in amount, it is included in the lump-sum expenses of the pertinent year.

Changes in Accounting Policy

Changes in Standard and Methods of Evaluation of Significant Assets

Effective from this consolidated period, ASBJ Statement No. 9 "Accounting Standard for Measurement of Inventories" (issued on July 5, 2006) has been applied, and as a result, inventories retained for the purpose of ordinary sales, which were previously stated at cost primarily by the specific identification method or the moving average method, are now stated at cost primarily by the specific identification method or the moving average method (as for balance sheet values, the method of devaluing the carrying amount based on decline of profitability). Moreover, inventories retained for trading purposes are changed to being valued using the market method, and net differences in valuation are in principle settled as net sales.

As a result of this change, compared with the hypothetical use of previous methods, net sales decreased by 3 million yen, gross profit, operating income and ordinary income decreased by 17,702 million yen, and income before income taxes and minority interests decreased by 23,124 million yen, respectively, for FY2008.

Application of the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements"

Effective from this consolidated period, ASBJ Practical Issue Task Force No. 18 "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (issued on May 17, 2006) has been applied, and the modifications necessary for consolidated accounting have been given. As a result of this change, compared with the hypothetical use of previous methods, net sales, gross profit, operating income and ordinary income decreased by 207,696 million yen, 603 million yen, 685 million yen and 640 million yen, respectively, for this consolidated period. Income before income taxes and minority interests, and net income increased by 1,758 million yen and 1,133 million yen, respectively. Moreover, as a result of deduction of 3,660 million yen from retained earnings at the beginning of the period, retained earnings decreased by the same amount.

Accounting Standard for Lease Transactions

Finance leases that do not transfer ownership were previously booked as operating leases; however, from this consolidated period, ASBJ Statement No. 13 “Accounting Standard for Lease Transactions” (issued June 17, 1993 [the First Committee of Business Accounting Council]; revised on March 30, 2007) and ASBJ Guideline No. 16 “Financial Accounting Standards Implementation Guidelines Concerning Lease Transactions” (issued on January 18, 1994 [the Japanese Institute of Certified Public Accountants, Accounting Standards Committee]; revised on March 30, 2007) were applied.

Note that for finance leases that do not transfer ownership and of which transaction commencement date was on or before March 31, 2008, we continued to use the previous method of accounting as operating leases.

There is immaterial impact from this change on assets, liabilities and income of this consolidated period.

Changes in the Presentation Method

Consolidated Statements of Income

“Gain on sales of investment securities,” which was posted independently in the previous period is included in “Other” of non-operating income in this period, as the impact thereof is immaterial. “Gain on sales of investment securities” included in “Other” is 65 million yen for FY2008.

Notes on Consolidated Balance Sheets

1. Amounts less than one million yen have been discarded.

2. Inventories Itemization

Merchandise and finished goods	225,920 million yen
Real estate for sale	126,081 million yen
Raw materials and supplies	30,898 million yen

3. Mortgaged Assets and Liabilities

(1) Assets Offered as Collateral for Borrowings

(Millions of yen)

Mortgaged assets		Corresponding liabilities	
Type	End-of-year book value		
Cash and deposits	3,173	Notes and accounts payable-trade	10,893
Notes and accounts receivable-trade	1,798	Short-term loans payable	20,901
Inventories	44,309	Current portion of bonds	16,916
Short-term loans receivable	70	Current liabilities (Other)	2,312
Current assets (Other)	157	Bonds payable	120
Buildings and structures	6,874	Long-term loans payable	32,351
Machinery, equipment and vehicles	34,462	Noncurrent liabilities (Other)	163
Land	3,374		
Property, plant and equipment (Other)	367		
Intangible assets (Other)	56		
Investment securities	25,369		
Long-term loans receivable	71		
Total	120,086	Total	83,659

Note: In addition to the above, Sojitz has 7,825 million yen in investment securities, short-term loans receivable and long-term loans receivable in the form of stocks of subsidiaries eliminated in the consolidation and 125 million yen in subsidiary loans.

(2) Assets Offered as Security Deposit, etc.

Cash and deposits	2,475 million yen
Buildings and structures	6,231 million yen
Land	183 million yen
Intangible assets (Other)	5,977 million yen
Investment securities (including securities)	26,553 million yen

Note: In addition to the above, Sojitz has 7,357 million yen in investment securities in the form of stocks of subsidiaries eliminated in the consolidation.

4. Accumulated Depreciation of Property, plant and equipment 127,529 million yen

5. Guaranteed Debts

(Millions of yen)

Guaranteed party	Amount of guaranteed debts
LNG Japan Corporation	11,142
INPEX Offshore North Campos, Ltd.	4,616
Bontang LNG Train-H Investment Co., Ltd.	1,359
Hirokawa-Mt.Myojin Wind Farm CO., LTD.	753
Hanshin Silo Co., Ltd.	690
Others (75 debts)	6,225
Total	24,786

Note: The guaranteed debts listed above represent mainly guarantees of borrowings from financial institutions.

6. Notes Receivable-Trade—Discounted **19,252 million yen**

7. Notes Receivable-Trade—Transferred by Endorsement **134 million yen**

8. Provisional Disposition Method in Allocation of Historical Cost Pertaining to Merger

Assets of which historical cost has not been allocated as of closing date after the date of merger are posted as intangible assets, by using provisional accounting procedures based on reasonable information obtainable at the relevant point.

9. Land Revaluation

Some domestic consolidated subsidiaries revaluated their business-purpose land pursuant to the Act Concerning Land Revaluation (Act No. 34 promulgated on March 31, 1998) and state the land revaluation differences in the section of Net assets.

Revaluation Method

In general, land is revaluated based on appraisal reports from real estate appraisers as defined in Article 2, Paragraph 5, of the Order for Enforcement of the Act Concerning Land Revaluation (Cabinet Order No. 119 promulgated on March 31, 1998).

Dates of Revaluation

On and before March 31, 2002

Difference Between the Market Value of Revaluated Land at the End of Current Consolidated Fiscal Year and the Book Value

134 million yen

Notes on Consolidated Statements of Income

Amounts less than one million yen have been discarded.

Notes on Consolidated Statements of Changes in Shareholders' Equity

1. Amounts less than one million yen have been discarded.

2. Types and Numbers of Shares Outstanding at the End of Current Consolidated Period

Common stock:	1,233,852,443
First Series Class-III preferred shares:	1,500,000
Total:	1,235,352,443

3. Dividends

(1) Amount of dividends paid during the year ended March 31, 2009

Resolution	Class of shares	Source of dividend funds	Total amount of dividends (Millions of yen)	Dividend per share	Record date	Effective date
The Ordinary General Shareholders' Meeting held on June 25, 2008	Common stock	Retained earnings	5,551	4.50 yen	March 31, 2008	June 26, 2008
The Ordinary General Shareholders' Meeting held on June 25, 2008	First Series Class-III preferred shares	Retained earnings	11	7.50 yen	March 31, 2008	June 26, 2008
Meeting of Board of Directors held on October 29, 2008	Common stock	Retained earnings	5,551	4.50 yen	September 30, 2008	December 2, 2008
Meeting of Board of Directors held on October 29, 2008	First Series Class-III preferred shares	Retained earnings	11	7.50 yen	September 30, 2008	December 2, 2008

(2) Dividends with a record date falling within FY2008 which come into effect in the next consolidated period

A motion is to be tabled at the 6th Ordinary General Shareholders' Meeting scheduled for June 23, 2009, suggesting the following dividends for common and preferred stocks.

Common stock dividends

1) Amount of dividends: 1,233 million yen
2) Source of dividend funds: Retained earnings
3) Dividend per share: 1.00 yen
4) Record date: March 31, 2009
5) Effective date: June 24, 2009

First Series Class-III preferred shares dividends

1) Amount of dividend: 11 million yen
2) Source of dividend funds: Retained earnings
3) Dividend per share: 7.50 yen
4) Record date: March 31, 2009
5) Effective date: June 24, 2009

Notes on Per-share Information

1. **Net Assets per Share: 256.17 yen**
2. **Net Income per Share: 15.39 yen**

Significant Subsequent Events

Acquisition of shares of Nissho Electronics Corporation through a Tender Offer

At the meeting of Board of Directors held on February 27, 2009, Sojitz Corporation (the "Company") adopted a resolution for acquisition of shares of common stock of its consolidated subsidiary, Nissho Electronics Corporation, through a tender offer.

As a result of the tender offer based on this resolution, the Company acquired shares of common stock of Nissho Electronics Corporation as follows:

1. Details of Tender Offer

(1) Target company	Nissho Electronics Corporation
(2) Class of share certificates, etc. pertaining to purchase	Common stock
(3) Tender offer period	40 business days, from March 2, 2009, to April 27, 2009

2. Result of Purchase

(1) Number of shares purchased	8,503,523 shares
(2) Voting rights ratio after the purchase	75.72%
(3) Tender offer purchase price	1,000 yen per share of common stock
(4) Total acquisition cost	8,503 million yen
(5) Payment commencement date	May 8, 2009

Note that negative goodwill is projected to accrue on the consolidated financial documents of the Company due to increase of equity ratio of the Company as a result of this tender offer, the amount of which is undetermined as of the present point.

(Note) "Voting rights ratio after the purchase" above is calculated using the number of voting rights pertaining to 26,370,480 shares, which is arrived at by deducting the number of treasury stock of the target company as of December 31, 2008 (800,432 shares), from the total number of issued shares as of the same date as described in the 41st Term Third Quarter Report of the target company (27,170,912 shares), which is 263,704 units of voting rights, as denominator.

Consolidated Cash Flow Statements

(Millions of yen)

	Account	FY2008 (From April 1, 2008 to March 31, 2009)	FY2007 (From April 1, 2007 to March 31, 2008)
1.	**Net cash provided by (used in) operating activities**		
2.	Income before income taxes and minority interests	37,070	88,344
3.	Depreciation	26,698	28,844
4.	Impairment loss	12,151	6,994
5.	Loss on valuation of securities	15,132	6,085
6.	Amortization of goodwill	5,119	3,564
7.	Increase (decrease) in allowance for doubtful accounts	(16,127)	(41,067)
8.	Increase (decrease) in allowance for retirement benefits	(2,088)	(2,926)
9.	Interest and dividend income	(17,947)	(18,719)
10.	Interest expense	29,452	33,284
11.	Foreign exchange losses	5,294	5,053
12.	Equity in (earnings) losses of affiliates	(2,455)	(28,911)
13.	Loss (gain) on sales of investment securities	(30,217)	(9,265)
14.	Loss (gain) on sales and disposal of noncurrent assets	(6,263)	285
15.	Decrease (increase) in accounts receivable-trade	118,034	(26,135)
16.	Decrease (increase) in inventories	10,703	(108,510)
17.	Increase (decrease) in accounts payable-trade	(108,118)	55,154
18.	Directors' bonuses payment	—	(20)
19.	Other, net	43,779	62,243
20.	Subtotal	120,218	54,297
21.	Interest and dividends income received	30,871	34,621
22.	Interest expenses paid	(29,016)	(33,408)
23.	Income taxes paid	(18,344)	(20,102)
24.	**Net cash provided by (used in) operating activities**	103,729	35,407
25.	**Net cash provided by (used in) investing activities**		
26.	Decrease (increase) in time deposit, net	3,862	(268)
27.	Decrease (increase) in marketable securities, net	1,420	(190)
28.	Payments for property, plant and equipment	(43,718)	(40,354)
29.	Proceeds from sales of property, plant and equipment	16,452	7,969
30.	Purchase of intangible assets	(21,821)	—
31.	Payments for purchase of investment securities	(35,104)	(48,013)
32.	Proceeds from sales and redemption of investment securities	51,925	40,234
33.	Decrease (increase) in short-term loans receivable, net	13,355	13,891
34.	Increase of long-term loans receivable	(2,360)	(7,136)
35.	Collection of long-term loans receivable	3,085	2,361
36.	Purchase of investments in subsidiaries resulting in change in scope of consolidation	(5,692)	(8,156)
37.	Proceeds from (payments for) sales of investments in subsidiaries resulting in change in scope of consolidation	65	(109)
38.	Other, net	1,331	(28,951)
39.	**Net cash provided by (used in) investing activities**	(17,198)	(68,723)
40.	**Net cash provided by (used in) financing activities**		
41.	Net increase (decrease) in short-term loans payable, net	(57,272)	(54,258)
42.	Increase (decrease) in commercial papers, net	10,000	15,000
43.	Proceeds from long-term loans payable	308,571	211,648
44.	Repayment of long-term loans payable	(234,144)	(154,977)
45.	Proceeds from issuance of bonds	55,686	45,905
46.	Redemption of bonds	(75,212)	(999)
47.	Proceeds from stock issuance to minority shareholders	522	922
48.	Payment for purchase of preferred shares	—	(102,000)
49.	Purchase of treasury stock	(20)	(18)
50.	Cash dividends paid	(11,125)	(12,322)
51.	Cash dividends paid to minority shareholders	(2,513)	(1,817)
52.	Other, net	(450)	(806)
53.	Net cash provided by (used in) financing activities	(5,958)	(53,723)
54.			
55.	Effect of exchange rate change on cash and cash equivalents	(40,332)	(4,289)
56.	Net increase (decrease) in cash and cash equivalents	40,241	(91,328)
57.	Cash and cash equivalents at beginning of period	373,883	464,273
58.	Effect of change in scope of consolidation	294	939
59.	Cash and cash equivalents at the end of period	414,419	373,883

(Amounts less than one million yen have been discarded)

Consolidated Business Segment Information

Business Segment Information

FY2008 (From April 1, 2008, to March 31, 2009)

(Millions of yen)

	Machinery & Aerospace	Energy & Mineral Resources	Chemicals & Plastics	Real Estate Develop-ment & Forest Products	Consumer Lifestyle Business	Overseas Subsidiaries	Other	Total	Elimination & Unallocated	Consolidated
I. Net sales and operating income/loss										
Sales										
(1)Sales to outside customers	1,108,293	1,410,928	642,393	276,702	1,251,475	394,626	81,762	5,166,182	—	5,166,182
(2) Internal sales between segments	23,896	7,820	39,906	918	13,152	252,259	8,940	346,895	(346,895)	—
Total	1,132,189	1,418,749	682,300	277,621	1,264,628	646,885	90,703	5,513,078	(346,895)	5,166,182
Operating expenses	1,110,345	1,391,031	670,481	290,749	1,263,727	647,888	91,241	5,465,465	(351,289)	5,114,175
Operating income or (loss)	21,844	27,717	11,818	(13,127)	901	(1,002)	(537)	47,612	4,393	52,006
II. Assets (As of March 31, 2009)	483,753	469,613	284,146	260,276	275,021	251,624	59,020	2,083,456	229,501	2,312,958

(Amount less than one million yen have been discarded)

Notes: 1. No unallocatable operating expenses out of operating expenses are included in the “Elimination & Unallocated” category.

2. The Company-wide assets that fall in the “Elimination & Unallocated” category amount to 344,918 million yen. The main portion is in the form of cash, deposits, idle funds for investment, such as government and private bonds and securities.

3. (Change of business division)
From the nine-month period ended December 31, 2008, ICT (information and communications technology), which used to be included in the “Other” division, was changed to inclusion in the “Machinery & Aerospace” division, as a result of reorganization aiming at realizing synergies with the Machinery & Aerospace business. If this change of business division had been made from the three-month period ended June 30, 2008, sales would have been increasing by 23,766 million yen for the Machinery & Aerospace and decreasing by 24,329 million yen for Other, and increasing for Elimination & Unallocated by 563 million yen, and operating income would have been decreasing by 82 million yen for Machinery & Aerospace and by 2 million yen for Elimination & Unallocated. Also, operating loss would have been decreasing by 80 million yen for Other.

4. ASBJ Standard No. 9 “Accounting Standard for Measurement of Inventories” (issued on July 5, 2006) has been applied from this consolidated fiscal year, and as a result, compared with the hypothetical use of previous methods, net sales decreased by 3 million yen for Energy and Mineral Resources and operating income decreased by 588 million yen for Machinery & Aerospace, 2,147 million yen for Energy and Mineral Resources, 641 million yen for Chemicals and Plastics and 628 million yen for Consumer Lifestyle Business respectively, for FY2008. Operating loss decreased by 13,620 million yen for Real Estate Development and Forest Products and 76 million yen for Other, respectively.

5. Practical Issue Task Force No. 18 “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements” (issued on May 17, 2006) has been applied from this consolidated fiscal year, and as a result, compared with the hypothetical use of previous methods, net sales decreased by 2,011 million yen for Machinery & Aerospace, 1,368 million yen for Chemicals and Plastics, 294,627 million yen for Overseas Subsidiaries, and increased for Elimination & Unallocated by 90,310 million yen, and operating income decreased by 147 million yen for Machinery & Aerospace, 206 million yen for Energy and Mineral Resources, 85 million yen for Chemicals and Plastics and 241 million yen for Consumer Lifestyle Business, respectively, for FY2008. Operating loss increased by 5 million yen for Overseas Subsidiaries.

(Reference) FY2007 (From April 1, 2007, to March 31, 2008)

(Millions of yen)

	Machinery & Aerospace	Energy & Mineral Resources	Chemicals & Plastics	Real Estate Develop-ment & Forest Products	Consumer Lifestyle Business	Overseas Subsidiaries	Other	Total	Elimination & Unallocated	Consolidated
I. Net sales and operating income/loss										
Sales										
(1) Sales to outside customers	1,288,292	1,467,775	703,049	345,326	1,254,861	653,936	57,787	5,771,028	—	5,771,028
(2) Internal sales between segments	27,672	6,223	57,159	1,701	19,641	366,119	10,822	489,341	(489,341)	—
Total	1,315,965	1,473,999	760,208	347,027	1,274,502	1,020,056	68,610	6,260,370	(489,341)	5,771,028
Operating expenses	1283,222	1,455,648	736,888	339,059	1,270,114	1,019,002	66,026	6,169,962	(491,297)	5,678,665
Operating income	32,742	18,351	23,320	7,967	4,388	1,053	2,583	90,408	1,955	92,363
II. Assets (As of March 31, 2008)	503,545	591,333	345,394	296,038	335,885	362,904	88,081	2,523,183	146,168	2,669,352

(Amount less than one million yen have been discarded)

Notes: 1. The unallocatable operating expenses that fall in the "Elimination & Unallocated" category amount to 657 million yen. The main portion is expenses of corporate divisions of the Company.

2. The Company-wide assets that fall in the "Elimination & Unallocated" category amount to 291,919 million yen. The main portion is in the form of cash, deposits, idle funds for investment, such as government and private bonds and securities.

3. (Change of business divisions)
From the nine-month period ended December 31, 2008, ICT (information and communications technology), which used to be included in the "Other" division, was changed to inclusion in the "Machinery & Aerospace" division, as a result of reorganization aiming at realizing synergies with the Machinery & Aerospace business. Segment information for the previous consolidated fiscal year is shown above using the division after the change.

* See " 2. Current Circumstances of the Group, (5) Major Business Segments of the Group" for main products handled by each business unit.

Non-consolidated Financial Statements

Non-consolidated Balance Sheets

(Millions of yen)

Account	As of March 31, 2009	As of March 31, 2008	Account	As of March 31, 2009	As of March 31, 2008
Assets			Liabilities		
Current assets	858,713	955,770	Current liabilities	581,964	847,304
Cash and deposits	227,815	154,723	Notes payable-trade	5,087	9,283
Notes receivable-trade	34,202	36,221	Notes payable—import	39,761	24,800
Accounts receivable-trade	213,472	303,902	Accounts payable-trade	161,609	276,657
Short-term investment securities	—	400	Short-term loans payable	185,564	331,814
Merchandise	—	127,001	Short-term loans payable to subsidiaries and affiliates	1,866	—
Merchandise and finished goods	96,048	—	Commercial papers	35,000	25,000
Real estate for sale	72,687	79,595	Current portion of bonds	25,000	75,000
Goods in transit	42,980	42,453	Lease obligations	49	—
Advance payments-trade	29,806	35,656	Accounts payable-other	9,966	7,332
Prepaid expenses	3,167	2,563	Accrued expenses	4,090	3,230
Deferred tax assets	9,654	13,181	Income taxes payable	997	757
Short-term loans receivable	2,419	1,391	Advance received	21,249	22,677
Short-term loans receivable to subsidiaries and affiliates	85,139	79,834	Deposits received	77,096	59,761
Guarantee deposits	1,920	5,709	Unearned revenue	199	263
Accrued income	1,055	1,658	Guarantee deposits received	3,528	3,412
Accounts receivable-other	39,308	60,142	Provision for bonuses	2,002	3,237
Other	2,099	14,755	Other	8,893	4,077
Allowance for doubtful accounts	(3,063)	(3,418)			
Noncurrent assets	930,654	967,882	Noncurrent liabilities	819,641	661,784
Property, plant and equipment	9,213	9,450	Bonds payable	155,000	140,000
Buildings	3,694	4,188	Long-term loans payable	641,177	487,011
Structures	361	392	Long-term loans payable to subsidiaries and affiliates	5,942	13,718
Machinery and equipment	301	78	Lease obligations	139	—
Vehicles	67	83	Provisions for retirement benefits	7,470	10,659
Tools, furniture and fixtures	509	558	Other	9,911	10,395
Land	4,100	4,149			
Lease assets	178	—			
Intangible assets	19,469	20,610			
Software	2,870	3,797			
Goodwill	16,524	16,768			
Telephone subscription right	29	29			
Right of using telephone and telegraph facilities	1	1			
Other	43	12			
Investments and other assets	901,971	937,822	Total liabilities	1,401,605	1,509,088
Investment securities	138,785	210,305	Net assets		
Stocks of subsidiaries and affiliates	595,840	589,044	Shareholders' equity	387,155	376,292
Investments in other securities of subsidiaries and affiliates	18,037	13,588			
Investments in capital	2,680	2,920	Capital stock	160,339	160,339
Investments in capital of subsidiaries and affiliates	20,098	28,604			
Long-term loans receivable	2,625	3,667	Capital surplus	155,271	155,271
Long-term loans receivable from employees	26	27	Legal capital surplus	152,160	152,160
Long-term loans receivable from subsidiaries and affiliates	28,837	27,271	Other capital surplus	3,110	3,110
Bad debts	107,322	124,337			
Long-term prepaid expenses	5,127	5,702	Retained earnings	71,679	60,795
Deferred tax assets	46,949	18,591	Other retained earnings	71,679	60,795
Other	5,983	4,963	Retained earnings brought forward	71,679	60,795
Allowance for doubtful accounts	(66,714)	(87,572)			
Allowance for investment loss	(3,628)	(3,630)	Treasury stock	(135)	(114)
Deferred assets	1,226	2,346	Valuation and translation adjustments	1,833	40,619
Stock issuance cost	780	1,903	Valuation difference on available-for-sale securities	1,883	39,183
Bond issuance cost	445	443			
			Deferred gains or losses on hedges	(49)	1,436
			Total net assets	388,988	416,911
Total assets	1,790,594	1,925,999	Total liabilities and net assets	1,790,594	1,925,999

(Amounts less than one million yen have been discarded)

Non-consolidated Statements of Income

(Millions of yen)

Account	FY 2008 (From April 1, 2008, to March 31, 2009)		FY 2007 (From April 1, 2007, to March 31, 2008)	
Net sales		3,217,313		3,480,490
Cost of sales		3,169,985		3,404,192
Gross profit		47,328		76,297
Selling, general and administrative expenses		62,489		60,072
Operating income (loss)		(15,161)		16,224
Non-operating income		67,566		56,739
Interest income	6,443		8,712	
Dividends income	53,668		38,729	
Other	7,454		9,297	
Non-operating expenses		35,643		38,983
Interest expense	22,153		24,418	
Interest on commercial papers	306		183	
Loss on investments in partnerships	5,035		—	
Foreign exchange losses	—		5,228	
Other	8,147		9,152	
Ordinary income		16,761		33,980
Extraordinary income		33,935		11,629
Gain on sales of noncurrent assets	225		15	
Gain on sales of subsidiaries and affiliates’ stocks	24,570		113	
Gain on sales of investment securities	7,434		4,259	
Gain on sales of equity investment without stock	0		86	
Reversal of allowance for doubtful accounts	1,266		3,528	
Gain on sale of certain overseas receivables	—		29	
Gain on bad debts recovered	—		8	
Reversal of allowance for investment loss	—		3,588	
Gain on liquidation of subsidiaries and affiliates	438		—	
Extraordinary loss		29,097		23,891
Loss on sales of noncurrent assets	24		8	
Loss on retirement of noncurrent assets	22		24	
Impairment loss	70		309	
Loss on sales of investment securities	120		538	
Loss on sales of equity investment without stock	0		2	
Loss on valuation of investment securities	12,931		3,991	
Loss on valuation of investments in capital	324		3	
Loss, and provision for loss, on dissolution of subsidiaries and affiliates	10,559		15,407	
Restructuring losses	47		3,602	
Provision of allowance for investment loss	—		1	
Loss on valuation of goods	4,995		—	
Income before income taxes		21,599		21,719
Income taxes—current		(1,649)		(3,134)
Income taxes—deferred		1,241		(6,670)
Net income		22,008		31,523

(Amounts less than one million yen have been discarded)

Non-consolidated Statements of Changes in Shareholders' Equity

(Millions of yen)

	FY 2008 (From April 1, 2008, to March 31, 2009)	FY 2007 (From April 1, 2007, to March 31, 2008)
Shareholders' equity		
Capital stock		
Balance at the end of the previous period	160,339	122,790
Changes of items during the period		
Issuance of new shares-exercise of subscription rights to shares	—	37,549
Total changes of items during the period	—	37,549
Balance at the end of the current period	160,339	160,339
Capital surplus		
Legal capital surplus		
Balance at the end of the previous period	152,160	114,709
Changes of items during the period		
Issuance of new shares-exercise of subscription rights to shares	—	37,450
Total changes of items during the period	—	37,450
Balance at the end of the current period	152,160	152,160
Other capital surplus		
Balance at the end of the previous period	3,110	105,110
Changes of items during the period		
Retirement of treasury stock	—	(102,000)
Total changes of items during the period	—	(102,000)
Balance at the end of the current period	3,110	3,110
Total capital surplus		
Balance at the end of the previous period	155,271	219,820
Changes of items during the period		
Issuance of new shares-exercise of subscription rights to shares	—	37,450
Retirement of treasury stock	—	(102,000)
Total changes of items during the period	—	(64,549)
Balance at the end of the current period	155,271	155,271
Retained earnings		
Other retained earnings		
Retained earnings brought forward		
Balance at the end of the previous period	60,795	41,594
Changes of items during the period		
Dividends from surplus	(11,125)	(12,322)
Net income	22,008	31,523
Total changes of items during the period	10,883	19,201
Balance at the end of the current period	71,679	60,795
Total retained earnings		
Balance at the end of the previous period	60,795	41,594
Changes of items during the period		
Dividends from surplus	(11,125)	(12,322)
Net income	22,008	31,523
Total changes of items during the period	10,883	19,201
Balance at the end of the current period	71,679	60,795
Treasury stock		
Balance at the end of the previous period	(114)	(96)
Changes of items during the period		
Purchase of treasury stock	(20)	(102,018)
Retirement of treasury stock	—	102,000
Total changes of items during the period	(20)	(18)
Balance at the end of the current period	(135)	(114)

(Millions of yen)

	FY 2008 (From April 1, 2008, to March 31, 2009)	FY 2007 (From April 1, 2007, to March 31, 2008)
Total shareholders' equity		
Balance as at the end of the previous period	376,292	384,109
Changes of items during the period		
Issuance of new shares-exercise of subscription rights to shares	—	75,000
Dividends from surplus	(11,125)	(12,322)
Net income	22,008	31,523
Purchase of treasury stock	(20)	(102,018)
Retirement of treasury stock	—	—
Total changes of items during the period	10,863	(7,817)
Balance at the end of the current period	387,155	376,292
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the end of the previous period	39,183	66,406
Changes of items during the period		
Net changes of items other than shareholders' equity	(37,300)	(27,223)
Total changes of items during the period	(37,300)	(27,223)
Balance at the end of the current period	1,883	39,183
Deferred gains or losses on hedges		
Balance at the end of the previous period	1,436	739
Changes of items during the period		
Net changes of items other than shareholders' equity	(1,485)	696
Total changes of items during the period	(1,485)	696
Balance at the end of the current period	(49)	1,436
Total valuation and translation adjustments		
Balance at the end of the previous period	40,619	67,145
Changes of items during the period		
Net changes of items other than shareholders' equity	(38,785)	(26,526)
Total changes of items during the period	(38,785)	(26,526)
Balance at the end of the current period	1,833	40,619
Total net assets		
Balance at the end of the previous period	416,911	451,254
Changes of items during the period		
Issuance of new shares-exercise of subscription rights to shares	—	75,000
Dividends from surplus	(11,125)	(12,322)
Net income	22,008	31,523
Purchase of treasury stock	(20)	(102,018)
Net changes of items other than shareholders' equity	(38,785)	(26,526)
Total changes of items during the period	(27,922)	(34,343)
Balance at the end of the current period	388,988	416,911

(Amounts less than one million yen have been discarded)

Notes on Non-consolidated Financial Statements

Significant Accounting Policies

1. Standards and Methods of Valuation of Assets

(1) Standards and Methods of Valuation of Securities

Trading securities

The market value method is used.

Cost of sales is generally calculated using the moving average method.

Bonds held to maturity

The amortization method (straight-line method) is used.

Stocks of subsidiaries and affiliates

The moving average method is used.

Other securities

Those with fair market value

Such securities are determined by the market value method based on the market value on the consolidated settling day (related valuation differences are directly charged or credited to the shareholders' equity and cost of securities sold is calculated using the moving average method).

Those without fair market value

Such securities are valued at cost based on the moving average method. Investments in a limited partnership for investment or a similar partnership (considered as marketable securities in accordance with Article 2, Paragraph 2, of the Financial Instruments and Exchange Act) are stated at their net equity value based on the most recent financial statements that are available on the settlement report date as specified in the partnership agreement.

(2) Derivatives

The market value method is used.

(3) Investment-purpose Money Trusts

The market value method is used.

(4) Standards and Methods of Valuation of Inventories

Inventories retained for ordinary sale

Inventories retained for ordinary sale are generally valued at cost based on the specific identification method or moving average method (balance sheet values are calculated using the method of devaluing the carrying amount based on decline of profitability.

Inventories retained for trading

The market value method is used.

2. Depreciation Methods for Noncurrent Assets

(1) Property, plant and equipment (excluding lease assets)

The declining balance method is generally used. However, the straight-line method has been used for buildings (excluding their attached facilities) that were acquired on or after April 1, 1998.

(Additional Information)

Due to the revision of the Corporation Tax Act in FY2008, the depreciation method for machinery and equipment was changed so that useful lives under the revised Corporation Tax Act are used from this consolidated period. The impact of this change on operating loss, ordinary income and income before income taxes in this period is negligible.

(2) Intangible Assets (excluding lease assets)

The straight-line method is used. Software for in-house use is amortized by the straight-line method based on the in-house service life (five years).

(3) Lease Assets

Lease assets on finance lease transactions that do not transfer ownership

The straight-line method is used over the lease period without residual value.

Of above finance lease transactions, those transactions in which lease commenced on or before March 31, 2008, are accounted for as operating leases.

3. Accounting Standards for Allowance/Reserve

(1) Allowance for Doubtful Accounts

In preparation for losses from bad receivables, bad loans, or other bad debts, possibilities of recovery of general debts are considered, based on the actual bad debt write-off rates, while for specific debts where default is likely, it is considered on an individual basis. The expected write-off amount as the result of this consideration is listed in accounts.

(2) Allowance for Investment Loss

In preparation for losses on investments in affiliates etc., we list in accounts the predicted amount of loss calculated individually in accordance with the Company's standards, which takes into account the financial situation and business value of the pertinent affiliate.

(3) Provision for bonuses

In preparation for the payment of employee bonuses, the amount expected to be paid is listed in accounts.

(4) Provision for Retirement Benefits

In preparation for the payment of retirement benefits to employees, this provision is stated at the amount at the end of the period.

4. Standards for Converting Assets or Liabilities in Foreign Currency to Those in Local Currency

Credits and debts in foreign currency are converted to those in yen at the spot exchange rate on the settlement date, and the exchange differences are stated as profit or loss.

5. Hedge Accounting Methods

(1) Hedge Accounting Method

In general, the deferred hedge accounting is used. Forward exchange contracts, currency swaps, and currency options that fulfill the allocation requirements are subjected to the allocation accounting method, while interest rate swaps that fulfill the specific matching criteria are subjected to the accounting methods stipulated by those criteria.

(2) Hedging Instruments and Hedged Items

Forward exchange contract, currency swap, and currency option transactions are used as hedging instruments against exchange rate variation risks involved in transactions in foreign currencies; interest rate swap, interest rate cap, and interest rate option transactions are used as hedging instruments against interest rate variation risks involved in debts, loans, coupon bonds, and similar transactions; commodity future, forward delivery, and also, similar transactions are used as hedging instruments against precious metals, grain, petroleum, and other merchandise price variation risks.

(3) Hedge Policy

To avoid currency, interest rate, securities value, merchandise price variation risks that may accompany with our business activities, derivative transactions are generally used to hedge these risks in accordance with in-house management regulations.

(4) Hedge Effectiveness Evaluation Method

Cumulative cash-flow or market fluctuations in hedged items are compared with those in as hedging instruments quarterly. Effectiveness is evaluated, based on the fluctuations in both quantities. However, effectiveness evaluation is not conducted on interest rate swaps that rely on accounting methods to which specific matching criteria are applied.

6. Other Basis of Presenting Financial Statements

(1) Accounting for Deferred Assets

Stock issuance cost are amortized equally each year over three years.

Bond issuance cost are amortized on a straight-line basis over the period until bond maturity.

(2) Treating Interest Expenses Associated with Large Real-estate Development Projects as Part of Historical Cost

Interest expenses for a large real-estate development project (whose total investment is 2 billion yen or more and whose development period exceeds one year) during the normal development period are treated as part of the historical cost.

(3) Accounting for Consumption Tax

The tax-excluded method is used.

(4) Application of Consolidated Tax Systems

The consolidated tax system is applied.

Changes in Accounting Policy

Changes in Standard and Methods of Evaluation of Significant Assets

Effective from this period, ASBJ Statement No. 9 “Accounting Standard for Measurement of Inventories” (issued on July 5, 2006) has been applied, and as a result, inventories retained for the purpose of ordinary sales, which were previously stated at cost by the specific identification method or the moving average method, are now stated at cost primarily by the specific identification method or the moving average method (as for balance sheet values, the method of devaluing the carrying amount based on decline of profitability). Moreover, inventories retained for trading purposes are changed to being valued using the market method, and net differences in valuation are in principle settled as net sales.

As a result of this change, compared with the hypothetical use of previous methods, net sales decreased by 3 million yen, gross profit and ordinary income decreased by 16,203 million yen, respectively, for FY2008. Income before income taxes decreased by 21,199 million yen, respectively, while operating loss increased by 16,203 million yen.

Accounting Standards for Lease Transactions

Finance leases that do not transfer ownership were previously booked as operating leases; however, from this period, ASBJ Statement No. 13 “Accounting Standard for Lease Transactions” (issued June 17, 1993 [the First Committee of Business Accounting Council]; revised on March 30, 2007) and ASBJ Guideline No. 16 “Guidance on Financial Accounting Standard for Lease Transactions” (issued on January 18, 1994 [the Japanese Institute of Certified Public Accountants, Accounting Standards Committee]; revised on March 30, 2007) were applied.

Note that for finance lease transactions that do not transfer ownership before the commencement of initial year of application of the revised Lease Transaction Accounting Standard application, we continued to use the previous method of accounting as operating leases.

There is immaterial impact from this change on assets, liabilities and income of this period.

Changes in Presentation Method

Statements of Income

Since the amount of “Loss on investments in partnerships” exceeds 10% of non-operating expenses, it is independently posted as one category from the current period. In the previous period, it was 625 million yen, and was included in “Other” under “Non-operating expenses.”

Notes on Balance Sheets

1. Amounts less than one million yen have been discarded.

2. Mortgaged Assets and Liabilities

(1) Assets Offered as Collateral for Borrowings

(Millions of yen)

Mortgaged assets		
Type	Book value at the end of fiscal year	Corresponding liabilities
Short-term loans receivable (including those from subsidiaries and affiliates)	193	The assets to the left have been offered as collateral for borrowings. The reasons for those assets being mortgaged are listed below.
Investment securities (including stocks of subsidiaries and affiliates)	24,899	
Long-term loans receivable (including those from subsidiaries and affiliates)	73	Long-term loans payable (including those repaid within one year) 1,855
Total	25,166	Total 1,855

(Note) The above assets offered as collateral include the assets offered for affiliates' borrowings from banks.

(2) Assets Offered as Security Deposit, etc.

Investment securities (including stocks of subsidiaries and affiliates) 38,731 million yen

3. Accumulated Depreciation of Property, plant and equipment 4,972 million yen

4. Guaranteed Debts

(Millions of yen)

Guaranteed party	Amount of guaranteed debts
Sojitz Corporation of America	39,156
Shobu Project SPC	15,763
Sojitz Asia Pte. Ltd.	12,386
Sojitz UK plc	12,258
LNG Japan Corporation	11,142
Sojitz (Thailand) Co., Ltd.	7,088
Sojitz Energy Project Ltd.	6,876
Sojitz (Hong Kong) Ltd.	6,352
Charlotte Aircraft Corporation	6,324
Sojitz Energy Corporation	5,549
Others (144 debts)	93,272
Total	216,169

Note: The guaranteed debts listed above represent mainly guarantees of borrowings from financial institutions, and include 78,104 million yen in quasi guarantee acts.

5. Notes Receivable-Trade—Discounted 17,635 million yen

Note: Outstanding inter-bank transactions, which represent the balance of export letters of credit yet to be purchased by banks, are included in the discounts on notes receivable-trade because they can be treated as trade note discounts. Their amount is 8,752 million yen.

6. Monetary Claims against and Debts to Affiliates

Short-term monetary claim: 69,016 million yen

Long-term monetary claim: 40,305 million yen

Short-term monetary debt:	69,110 million yen
Long-term monetary debt:	1,704 million yen

(Note) The above monetary claims against and debts to affiliates excludes the amounts posted in accounts.

Notes on Statements of Income

1. Amounts less than one million yen have been discarded.

2. Transactions with Affiliates

Sales to affiliates:	323,040 million yen
Purchases from affiliates:	449,072 million yen
Non-operating transactions with affiliates:	66,018 million yen

Notes on Statements of Changes in Shareholders' Equity

1. Amounts less than one million yen have been discarded.

2. Types and Numbers of Treasury Stock at the End of Current Period

Common stock:	332,606

Notes on Accounting for Tax Effects

1. Amounts less than one million yen have been discarded.

2. Major Causes of Deferred Tax Assets and Liabilities

(Millions of yen)

Deferred tax assets	
Allowance for doubtful accounts and write off in excess of maximum allowable amount:	11,493
Loss on valuation of investment securities:	23,706
Loss from consolidation:	5,889
Provision for retirement benefits in excess of maximum allowable amount:	2,738
Losses carried forward:	260,345
Other:	15,205
Subtotal deferred tax assets:	319,378
Valuation allowance:	(236,769)
Total deferred tax assets:	82,609
Offset against deferred tax liabilities:	(26,005)
Deferred tax assets listed in accounts:	56,603
Deferred tax liabilities	
Gain from consolidation:	(24,286)
Net unrealized gain on available-for-sale securities:	(1,296)
Other:	(422)
Total deferred tax liabilities:	(26,005)
Offset against deferred tax assets:	26,005
Deferred tax liabilities listed in accounts:	—
Net deferred tax assets:	56,603

Notes on Leased Noncurrent Assets

Major noncurrent assets that the Company uses under lease agreements in addition to the noncurrent assets stated on the balance sheet include computer equipment.

Notes on Transactions with Affiliated Parties

Amounts less than one million yen have been discarded.

Subsidiaries

(Millions of yen)

Classification	Company	Ownership including voting right	Relationship: Holding the executive position in other organizations	Relationship: Business relationship	Transactions	Amount of business	Account	As of March 31, 2009
Subsidiary	Sojitz Corporation of America	Directly and wholly owned		Buyer and supplier of products	Debts guaranteed (*1) Guarantee fees received (*2)	39,156 38	— —	— —
Subsidiary	Sojitz Pla-Net Holdings, Inc.	Directly and wholly owned		Borrower of funds	Funds loaned (*3) Interest received (*3)	— 527	Short-term loans receivable to affiliates or subsidiaries	17,922 —

Terms of Trade and Policies for Determining These Terms

*1 The Company guarantees the pertinent company’s bank borrowings.

*2 The Company receives a fee of 0.1% per annum on the outstanding balance of the loans.

*3 Interest rate is determined within reason, taking into account market interest rate. No securities are accepted.

Affiliate

(Millions of yen)

Classification	Company	Ownership including voting right	Relationship		Transactions	Amount of business	Account	As of March 31, 2009
			Holding the executive position in other organizations	Business relationship				
Affiliate	Takarazuka Kaihatsu Co., Ltd.	Direct owning 50.0%	—	Borrower of funds	Receivables waived (*4)	12,044	—	—

Terms of Trade and Policies for Determining These Terms

*4 The Company wrote off our claims upon completion of liquidation of the above company.

Notes on Per-share Information

1. **Net Assets per Share: 312.91 yen**
2. **Net Income per Share: 17.82 yen**

Significant Subsequent Events

Acquisition of Shares of Nissho Electronics Corporation through a Tender Offer

At the meeting of Board of Directors held on February 27, 2009, the Company adopted a resolution for acquisition of shares of common stock of its consolidated subsidiary, Nissho Electronics Corporation, through a tender offer.

As a result of the tender offer based on this resolution, the Company acquired shares of common stock of Nissho Electronics Corporation as follows:

1. Details of Tender Offer

(1) Target company: Nissho Electronics Corporation

(2) Class of share certificates, etc. pertaining to purchase: Common stock

(3) Tender offer period: 40 business days, from March 2, 2009, to April 27, 2009

2. Result of Purchase

(1) Number of shares purchased: 8,503,523 shares

(2) Voting rights ratio after the purchase: 75.72%

(3) Tender offer purchase price: 1,000 yen per share

(4) Total acquisition cost: 8,503 million yen

(5) Payment commencement date: May 8, 2009

As a result of this tender offer, on the non-consolidated financial documents of the Company, stocks of subsidiaries and affiliates are projected to increase; however, the amount thereof is undetermined as of the present point of time.

(Note) "Voting rights ratio after the purchase" above is calculated using the number of voting rights pertaining to 26,370,480 shares, which is arrived at by deducting the number of treasury stock of the target company as of December 31, 2008 (800,432 shares), from the total number of issued shares as of the same date as described in the 41st Term Third Quarter Report of the target company (27,170,912 shares), which is 263,704 units of voting rights, as denominator.

Independent Auditors' Audit Report

May 13, 2009

To the Board of Directors,
Sojitz Corporation

KPMG AZSA & Co.

Designated and Engagement Partner Certified Public Accountant	Takuichi Arai
Designated and Engagement Partner Certified Public Accountant	Iwao Hirano
Designated and Engagement Partner Certified Public Accountant	Tomoki Kasama

In accordance with Article 444, Paragraph 4 of the Corporation Law, we, the audit corporation, audited the consolidated financial statements, that is, the consolidated balance sheets, consolidated statements of income, consolidated statements of changes in shareholders' equity and the notes on consolidated financial statements of the Company for the consolidated fiscal term from April 1, 2008 to March 31, 2009. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to independently express an opinion on the consolidated financial statements.

We, the audit corporation, conducted our audit in accordance with auditing standards generally accepted in Japan. Those auditing standards require that we plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting policies used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

These consolidated financial statements are in accordance with auditing standards generally accepted in Japan and they present fairly the financial position and the results of operations in every material matter which consists of Sojitz Corporation and its subsidiaries for the period of the consolidated financial statements of the Group.

Additional Information

As described in the paragraph under the changes in accounting policy in the notes on consolidated financial statements, the Company applied "Accounting Standard for Measurement of Inventories" and "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" from the period under review.

As described in the paragraph under the significant subsequent events in the notes on consolidated financial statements, the Company acquired shares of common stock of Nissho Electronics Corporation through a tender offer.

Our firm and engagement partners have no interest in the Company which must be disclosed pursuant to the provisions of the Certified Public Accountants Law.

Accounting Auditors' Audit Report Concerning the Non-consolidated Financial Statements: Full Copy

Independent Auditors' Audit Report

May 13, 2009

To the Board of Directors,
Sojitz Corporation

KPMG AZSA & Co.

Designated and Engagement Partner Certified Public Accountant	Takuichi Arai
Designated and Engagement Partner Certified Public Accountant	Iwao Hirano
Designated and Engagement Partner Certified Public Accountant	Tomoki Kasama

In accordance with Article 436, Paragraph 2 Item 1 of the Corporation Law, we, the audit corporation audited the non-consolidated financial statements, that is, the non-consolidated balance sheets, non-consolidated statements of income, non-consolidated statements of changes in shareholders' equity and the notes on non-consolidated financial statements and supplementary schedules of the Company for the 6th fiscal term from April 1, 2008 to March 31, 2009. These non-consolidated financial statements and supplementary schedules are the responsibility of the Company's management. Our responsibility is to independently express an opinion on the non-consolidated financial statements and the supplementary schedules based on our audit.

We, the audit corporation, conducted our audit in accordance with auditing standards generally accepted in Japan. Those auditing standards require that we plan and perform the audit to obtain reasonable assurance as to whether the non-consolidated financial statements and supplementary schedules are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the non-consolidated financial statements and supplementary schedules, assessing the accounting policies used and significant estimates made by management, as well as evaluating the overall presentation of the non-consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

These non-consolidated financial statements and supplementary schedules are in accordance with auditing standards generally accepted in Japan and they present fairly the financial position and the results of operations in every material matter for the period of the non-consolidated financial statements.

Additional Information

As described in the paragraph under the changes in accounting policy in the notes on non-consolidated financial statements, the Company applied "Accounting Standard for Measurement of Inventories" from the period under review.

As described in the paragraph under the significant subsequent events in the notes on non-consolidated financial statements, the Company acquired shares of common stock of Nissho Electronics Corporation, through a tender offer.

Our firm and engagement partners have no interest in the Company which must be disclosed pursuant to the provisions of the Certified Public Accountants Law.

Board of Corporate Auditors' Audit Report: Full Copy

Audit Report

The Board of Corporate Auditors, based on the audit reports made by each Corporate Auditor concerning the execution of duties by Directors for the 6th fiscal term from April 1, 2008 to March 31, 2009, prepared this Audit Report and hereby submit it as follows:

1. The methods and details of the Audit Conducted by the Corporate Auditors and the Board of Corporate Auditors

The Board of Corporate Auditors determined auditing policies and allocation of duties, received reports from each Corporate Auditor concerning the implementation and the results of the audits, obtained reports on business operations from Directors and other relevant persons as well as the Accounting Auditors concerned, and requested explanations as necessary.

In accordance with the audit standards for the Corporate Auditors as established by the Board of Corporate Auditors, the auditing policies, the audit execution plan and allocation of duties, each Corporate Auditor communicated Directors, Internal Audit Department as well as other employees, committed to gather information and develop an audit environment, attended the meetings of the Board of Directors and other significant meetings; obtained reports on business operations from Directors and others; requested explanation as necessary; reviewed documents which record approval of material matters; conducted investigations regarding the status of the business operations and assets of the head office and other major offices.

In addition, the Corporate Auditors monitored and confirmed the condition of the system (the internal control system) implemented based on the corporate resolution concerning the implementation of system set forth in the Article 100, Paragraph 1 and 3 of the Corporation Law and required to ensure the execution of duties by Directors in accordance with related laws, regulations and the Articles of Incorporation of the Company.

Based on the methods as described above, the Board of Corporate Auditors deliberated the business reports and supplementary schedules for the period under review.

Furthermore, the Corporate Auditors monitored and confirmed if the Accounting Auditors holding independent position and performing appropriate audit received reports on auditing operations from the Accounting Auditors; and requested explanation as necessary. Also, the Corporate Auditors received a notice of "system to ensure appropriate execution of duties" (set forth in Article 131 of the Company's Calculation Rules) from the Accounting Auditors and requested explanation as necessary.

Based on the methods as described above, the Board of Corporate Auditors deliberated the non-consolidated financial statements (the non-consolidated balance sheets, non-consolidated statements of income, non-consolidated statements of changes in shareholders' equity and the notes on non-consolidated financial statements) and supplementary schedules and the consolidated financial statements (the consolidated balance sheets, consolidated statements of income, consolidated statements of changes in shareholders' equity and the notes on non-consolidated financial statements for the period under review.

2. Results of audit

(1) Audit results of business operation reports and other documents concerned

1. The business report and supplementary schedules comply with the laws and regulations and with the articles of incorporation and correctly represents the company status.
2. The business activities performed by the directors were correct and did not seriously violate the laws, regulations, or the articles of incorporations.
3. The corporate resolution concerning the internal control system is fair and reasonable. There are not matters to be pointed out for the execution of duties by Directors regarding the internal control system.

(2) Audit results of the non-consolidated financial statements and supplementary schedules

The auditing methods and results of the Accounting Auditors, KPMG AZSA & Co., are fair and reasonable.

(3) Audit results of the consolidated financial statements

The auditing methods and results of the Accounting Auditors, KPMG AZSA & Co., are fair and reasonable.

May 14, 2009

Sojitz Corporation Board of Corporate Auditors

Corporate Auditor (regular)	Susumu Komori
Corporate Auditor (regular)	Kenji Okazaki
Outside Corporate Auditor (regular)	Shunsaku Yahata
Outside Corporate Auditor	Kazuo Hoshino
Outside Corporate Auditor	Yukio Machida