



Internet Disclosure of Matters for
the Notice of the 11th Ordinary General Shareholders' Meeting

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In accordance with laws and regulations and Article 14 of the Articles of Incorporation,
this information is posted on the Company's website at:
(<http://www.sojitz.com/en/ir/stkholder/general/>)

Sojitz Corporation

Notes to the Consolidated Financial Statements

Significant Basis of Presenting Consolidated Financial Statements

1. Basis for Presenting Consolidated Financial Statements

Effective from the fiscal year ended March 31, 2014, the Company prepares its consolidated financial statements on the basis of International Financial Reporting Standards (hereinafter referred to as “IFRS”), in compliance with Article 120, Paragraph 1 of the Company Accounting Regulations. The Company’s date of transition to IFRS (hereinafter referred to as “transition date”) is April 1, 2011.

For your reference, consolidated financial statements on the basis of IFRS are also shown for the fiscal year ended March 31, 2013. In compliance with the second sentence of Article 120, Paragraph 1 of the Company Accounting Regulations, certain disclosures and notes required on the basis of IFRS are omitted.

2. Scope of Consolidation

Number of Consolidated Subsidiaries: 318

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

Sojitz Aerospace Corporation, Sojitz Machinery Corporation, Sojitz Marine & Engineering Corporation, Nissho Electronics Corporation, Sojitz Ject Corporation, Sojitz Pla-Net Holdings, Inc., Sojitz Pla-Net Corporation, Pla Matels Corporation, Sojitz Building Materials Corporation, Sojitz Foods Corporation, Sojitz Kyushu Corporation, Sojitz Corporation of America, Sojitz Europe plc, Sojitz Asia Pte. Ltd. and Sojitz (Hong Kong) Ltd.

3. Application of Equity Method

Number of Entities Subject to Equity Method: 121

The major entities subject to equity method are as follows:

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

4. Accounting Policies

(1) Basis and Methods of Valuation of Significant Assets

1) Financial assets

The Group has early applied IFRS 9 Financial Instruments (2010 version).

At initial recognition, financial assets are classified as financial assets measured at fair value through profit or loss, financial assets measured at fair value through other comprehensive income or financial assets measured at amortized cost. The Group initially recognizes financial assets that are measured at amortized cost on the date of occurrence. The Group initially recognizes other financial assets on the transaction date.

In cases in which the contractual right with respect to the cash flow from a financial asset is extinguished, or the contractual right to receive cash flow from a financial asset has been transferred, and substantially all of the risks and rewards associated with the ownership of such asset are removed, the Group derecognizes such financial asset.

(a) Financial assets measured at amortized costs

A financial asset that meets the following conditions are classified as financial asset measured at amortized cost.

- The asset is held based on a business model whose objective is to hold an asset in order to collect cash flow under a contract; and,
- Based on the contractual terms with respect to the financial asset, the cash flow, which is intended only for payment of principal and interests on the outstanding principal balance, arises on a specified date.

At initial recognition, financial assets measured at amortized cost are measured at fair value plus transaction costs directly attributable to acquisition of such assets. After initial recognition, the carrying amount of such financial assets measured at amortized cost is calculated using the effective interest method.

(b) Financial assets measured at fair value through profit or loss

Of the financial assets that have been classified as financial assets to be measured at fair value instead of at amortized cost, financial assets other than for investment to an equity instrument, of which subsequent changes to the fair value thereof will be presented as other comprehensive income, are classified as financial assets measured at fair value through profit or loss. Financial assets measured at fair value through profit or loss include financial assets held for purchase and sale.

At initial recognition, financial assets measured at fair value through profit or loss are measured at fair value and transaction costs that are directly attributable to the acquisition are recognized as profit or loss. After initial recognition, they are measured at fair value, and subsequent changes in the fair value of such financial assets are recognized as profit or loss.

(c) Financial assets measured at fair value through other comprehensive income

Of the financial instruments that have been classified as financial assets to be measured at fair value instead of at amortized cost, in regards to equity instruments invested in not for the purpose of purchase and sale, an election may be made at initial recognition to present subsequent changes to the fair value of such instruments as other comprehensive income (such election being irrevocable). The Group makes such election per each such financial instrument.

At initial recognition, financial assets measured at fair value through other comprehensive income are measured at fair value plus transaction costs directly attributable to the acquisition of such assets. After initial recognition, they are measured at fair value and the subsequent changes in fair value are recognized as other comprehensive income. When the equity investment is derecognized, or the decrease in fair value compared to acquisition cost is substantial, the accumulated amount of other comprehensive income is reclassified as retained earnings and not as profit or loss. Dividends are recognized as profit or loss.

2) Inventories

Inventories are measured at the lower of a historical cost basis and net realizable value.

The costs of inventories include purchasing costs, processing costs and all other costs incurred in the process of bringing such inventories to the present location and condition, and is mainly determined based on the average method. Non-fungible inventories are calculated based on the specific identification method.

Inventories that have been acquired with the purpose of generating profits from short-term fluctuations in price are measured at fair value less costs to sell, and changes in the fair values of such inventories are recognized as profit or loss.

3) Property, plant and equipment

After initial recognition, the Group applies the cost model, under which property, plant and equipment are measured at cost less any accumulated depreciations and accumulated impairment losses.

The costs of property, plant and equipment include costs directly attributable to the acquisition of such assets. If a material component of property, plant and equipment is consumed differently, then such component is accounted for as a separate item of property, plant and equipment.

4) Goodwill and intangible assets

(a) Goodwill

Goodwill is measured at cost less any accumulated impairment losses.

(b) Intangible assets

After initial recognition, the Group applies the cost model and intangible assets are measured at cost less any accumulated depreciations and accumulated impairment losses.

At initial recognition, intangible assets acquired individually are measured at cost. The costs of intangible assets acquired from business combinations are measured at fair value at the date of acquisition. With respect to internally-generated intangible assets that do not meet the criteria for asset recognition, expenditures related thereto are accounted for as expenses at the time they are incurred. With respect to internally-generated intangible assets that meet the criteria for asset recognition, the total of expenditures related thereto that were incurred from the date such criteria was first met is treated as cost.

5) Investment property

An investment property is a property held either to earn rental income or for capital appreciation or for both. An investment property does not include a property held for sale in the ordinary course of business or property used for the production or supply of goods or service or for other administrative purpose.

After initial recognition, the Group applies the cost model and investment property is measured at

cost less any accumulated depreciations and accumulated impairment losses.

(2) Depreciation Method for Significant Depreciable Assets

1) Property, plant and equipment

Depreciation of property, plant and equipment is mainly computed under the straight-line method based on the estimated useful life of each component thereof.

2) Intangible assets

Intangible assets, of which their useful lives may be determined (excluding mining rights), are depreciated under the straight-line method for the period of such estimated use. With respect to mining rights, they are depreciated using the production output method based on estimated mine reserves.

3) Investment property

Depreciation of an investment property is mainly computed under the straight-line method based on the applicable estimated useful life.

(3) Accounting Standards for Significant Provisions

A provision is recognized only when the Group has a present obligation (legal or presumptive) as a result of a past event, there is a probability that an outflow of resources embodying economic benefits will be required to settle such obligation and a reliable estimate can be made regarding the amount of such obligation.

In the case where there is significance in the effect of the time value of money, provision is posted for the amount from which the current discount rate before tax after reflecting the risks specific to the relevant liabilities have been deducted.

(4) Retirement Benefits Liabilities

Defined benefit plans refer to retirement benefits plans other than a defined contribution plan. Defined benefits obligations are calculated separately for each plan by estimating the future amount of benefits that employees will have earned in return for their services provided in the current and prior periods and discounting such amount in order to determine the present value. The fair value of any plan assets is deducted from the present value of the defined benefits obligations.

The discount rates are principally equivalent to the market yields of AA credit-rated corporate bonds at the fiscal year end that have maturity terms that are approximately the same as those of the Group's obligations and use the same currencies as those used for future benefits payments.

Past service costs are immediately recognized as profit or loss.

The Group immediately recognizes all of the net amount of remeasured defined benefits obligations (assets) arising from the defined benefit plans as other comprehensive income and promptly reclassifies them as retained earnings.

(5) Foreign Currency Translation

1) Foreign currency transactions

Foreign currency transactions are translated to the respective functional currencies of each company at exchange rates at the dates of such transactions.

Monetary items in foreign currency at the reporting date are retranslated to the functional currency at the exchange rate at such date.

The exchange rate used for settlement in each transaction is used for translation between Venezuela Bolivar Fuerte and other currencies due to coexistence of plural exchange rates in the exchange controls of Venezuela.

Foreign exchange translation differences on monetary items are recognized as profit or loss in the period incurred.

Non-monetary items that are measured based on historical cost of the foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary items in foreign currency that are measured at fair value of such foreign currency are retranslated to the functional currency at the exchange rate as of the calculation date of fair values thereof. With respect to the foreign exchange translation differences of non-monetary items, if gains or losses on non-monetary items are recognized as other comprehensive income, the exchanged portion of such gains or losses will be recognized as other comprehensive income. On the other hand, if gains or losses on non-monetary items are recognized as profit or loss, the exchanged portions of such gains or losses will be recognized as profit or loss.

2) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising from acquisitions thereof, are translated into presentation currency using the exchange rate at the reporting date. In addition, the income and expenses of foreign operations are translated into presentation currency using the average exchange rate for the year excluding cases in which exchange rates are fluctuating significantly.

Provided, however, that if financial statements of the Group's consolidated subsidiary are prepared in functional currency of a country with hyperinflationary economy, all amounts on such financial statements will be translated into presentation currency using the exchange rate at the reporting date after adjusting for inflations based on the measurement unit as of the reporting date in accordance with changes in the general purchasing power of such functional currency. The amounts on the financial statements for the year ended March 31, 2013 have not been corrected/revised. As a result of assessment of qualitative characteristics of the economic environment by country, Venezuela has been classified as a country of hyperinflationary economy for the years ended March 31, 2013 and March 31, 2014. Although multiple exchange rates coexist in the exchange controls of Venezuela, the exchange rate adopted for the payment of dividends and repayment of capital is used for translation of the amounts on the financial statements into the currency presented. The financial statements to be adjusted for inflation were prepared based on a historical cost basis. In addition, the price index used for adjustments for inflation on the financial statements was of that officially announced by Banco Central De Venezuela. The inflation rates for the years ended March 31, 2013 and March 31, 2014 were 25.1% and 59.3%, respectively.

Foreign exchange translation differences are recognized as other comprehensive income. If the Group's foreign operation is disposed of, the cumulative amount of the foreign exchange translation differences related to such foreign operation are reclassified to profit or loss at the time of such disposal.

Based on the application of the exemption clauses under IFRS 1 First Time Adoption of International Financial Reporting Standards, the Group reclassified the cumulative translation differences as of the Transition Date to retained earnings.

(6) Derivatives and Hedge Accounting

In order to hedge the foreign currency risk, interest rate fluctuation risk and commodity price fluctuation risk, the Group conducts derivative transactions, such as forward exchange transactions, interest rate swap transactions and commodity futures and forwards transactions.

When initiating a hedge, the Group designates and documents the risk management purposes and strategies regarding the hedge relationship and initiation of such hedge. Such documentation includes the designation of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and methods of assessing the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Although such hedging is expected to be highly effective in offsetting changes in fair value or cash flows attributable to the hedged risk, it is assessed on an ongoing basis for its actual effectiveness throughout the reporting periods for which such hedging was designated.

Derivatives are initially recognized at fair value. After initial recognition, derivatives are measured at fair value and subsequent changes in the fair value thereof are accounted for as follows:

1) Fair value hedges

The changes in fair value of a derivative used as a hedging instrument is recognized as profit or loss. The carrying amount of hedged items are measured at fair value and the gains or losses on such hedged items arisen from changes in the fair values attributable to the hedged risks are recognized as profit or loss.

2) Cash flow hedges

Of the changes in fair value of a derivative used as a hedging instrument, portions determined to be effective are recognized as other comprehensive income.

The amount recognized as other comprehensive income is reclassified from other components of equity to profit or loss in the same period that the hedged transaction affects profit or loss; provided, however, that if hedging of a scheduled transaction subsequently results in the recognition of a non-financial asset or liability, the amount recognized as other comprehensive income is then accounted for as revision to the initial carrying amount of such non-financial asset or liability.

When the hedge no longer meets the criteria for hedge accounting, the hedge instrument expires or is sold, terminated or exercised or designation of the hedge is revoked, hedge accounting is discontinued prospectively. If the scheduled transaction is no longer expected to occur, the amount of the effective portions of the hedge that have been recognized as other comprehensive income is immediately reclassified from other component of equity to profit or loss.

3) Hedge of a net investment

Of the changes in fair value of a derivative used as a hedge instrument under the same accounting applied to a cash flow hedge, portions determined to be effective are recognized as other comprehensive income. Such effective portions are reclassified from other components of equity to profit or loss at the time of disposition of a foreign operation.

4) Derivatives not designated as hedging instrument

The changes in the fair value of such derivatives are recognized as profit or loss.

(7) Accounting for Consumption Tax

The tax-excluded method is used.

Consolidated Statements of Financial Position

1. Pledged Assets and Corresponding Liabilities

(1) Assets Pledged as Security

(Millions of yen)

| | As of March 31, 2014 |
|-------------------------------|----------------------|
| Assets pledged as security | |
| Inventories | 225 |
| Property, plant and equipment | 34,548 |
| Investment property | 4,405 |
| Other investments | 9,268 |
| Others | 7,157 |
| Total | 55,604 |
| Corresponding liabilities | |
| Trade and other payables | 21 |
| Bonds and borrowings | 27,512 |
| Total | 27,533 |

(Note) With respect to assets pledged as security other than listed above, there are subsidiaries' stocks which were eliminated in the consolidated statements.

(2) Assets Pledged in Lieu of Guarantee Money

(Millions of yen)

| | As of March 31, 2014 |
|---|----------------------|
| Inventories | 73 |
| Property, plant and equipment | 175 |
| Intangible assets | 784 |
| Investments accounted for using the equity method | 46,740 |
| Other investments | 993 |
| Others | 1,099 |
| Total | 49,866 |

(Note) With respect to assets pledged in lieu of guarantee money other than listed above, there are subsidiaries' stocks of which were eliminated in the consolidated statements.

2. Allowance for Doubtful Accounts Which Has Been Subtracted from Trade and Other Receivables

49,950 million yen

3. Accumulated Depreciations and Accumulated Impairment Losses of Property, Plant and Equipment

198,413 million yen

4. Guaranteed Obligation

(Millions of yen)

| | As of March 31, 2014 |
|---|----------------------|
| Guarantees for obligations of Entities subject to Equity Method | 22,538 |
| Guarantees for obligations of third parties | 7,633 |
| Total | 30,172 |

(Note) The above guarantees for obligations mainly consist of the Group's guarantees for the borrowings from financial institutions.

Consolidated Statements of Changes in Equity

1. Class and Numbers of Shares Outstanding as of March 31, 2014

Common stock 1,251,499,501 shares

2. Dividends

(1) Amount of Dividends Paid

| Resolution | Class of shares | Source of dividend funds | Total amount of dividends (Millions of yen) | Dividend per share | Record date | Effective date |
|--|-----------------|--------------------------|---|--------------------|--------------------|------------------|
| Ordinary General Shareholders' Meeting held on June 25, 2013 | Common stock | Retained earnings | 1,876 | 1.50 yen | March 31, 2013 | June 26, 2013 |
| Meeting of the Board of Directors held on November 6, 2013 | Common stock | Retained earnings | 2,502 | 2.00 yen | September 30, 2013 | December 3, 2013 |

(2) Dividends for Which the Record Date Falls in the Current Consolidated Fiscal Year while the Effective Date Comes Next Consolidated Fiscal Year

The Company presents the following proposal on the year-end dividends for common stock as the agenda for the 11th Ordinary General Shareholders' Meeting scheduled on June 24, 2014.

Dividends of Common Stock

| | |
|-------------------------------|-------------------|
| (a) Total amount of dividends | 2,502 million yen |
| (b) Source of dividend funds | Retained earnings |
| (c) Dividend per share | 2.00 yen |
| (d) Record date | March 31, 2014 |
| (e) Effective date | June 25, 2014 |

Financial Instruments

1. Status of Financial Instruments

As a general trading company, the Group is engaged a wide range of businesses globally, including buying, selling, importing, and exporting of goods, manufacturing and selling products, providing services, and planning and coordinating various projects, investments to various business fields and conducting of financial activities, in Japan and overseas.

In order to carry out these businesses, the Group has set up a target of long-term debt ratio and raises funds, not only through indirect financing from financial institutions, but also through direct financing by securitization as well as issuance of bonds and commercial papers. In this manner, the Group aims at maintaining and improving the stability of its funding structure.

Furthermore, the Group is exposed to market risks, including foreign exchange risk associated with transactions denominated in foreign currencies in connection with international trade or business investments; interest rate risk associated with debt financing and investment; commodity price risk associated with purchase and sales agreements and commodity inventories incidental to sales activities; and market price risk associated with ownership of listed securities and other such assets. To hedge and minimize these risks, the Group utilizes derivatives such as forward exchange contracts, commodity futures, forward commodity contracts, and interest rate swaps.

2. Fair Value of Financial Instruments

As of March 31, 2014, carrying amounts and fair values of the main financial instruments by type were as follows.

| | (Millions of yen) | |
|--|----------------------|------------|
| | As of March 31, 2014 | |
| | Carrying amount | Fair value |
| Financial assets | | |
| Trade and other receivables | | |
| Trade notes and accounts receivables | 493,556 | 493,463 |
| Other investments | | |
| Financial assets measured at fair value through profit or loss | 900 | 900 |
| Financial assets measured at fair value through other comprehensive income | 132,725 | 132,725 |
| Derivative financial assets | 5,394 | 5,394 |
| Total | 632,576 | 632,484 |
| Financial liabilities | | |
| Trade and other payables | | |
| Trade notes and accounts payables | 441,241 | 441,241 |
| Bonds and borrowings | | |
| Bonds payable (including current portion) | 89,755 | 91,047 |
| Long-term loans payable (including current portion) | 844,442 | 866,981 |
| Derivative financial liabilities | 8,121 | 8,121 |
| Total | 1,383,560 | 1,407,391 |

The fair values stated above were calculated as follows.

(a) Trade notes and accounts receivables

Per each receivable classified per certain period, the fair value was calculated based on the present value of future cash flow discounted by the interest rate, which took into account the period to maturity and the credit risk.

(b) Other investments

The fair values of listed stocks were based on the prices at the applicable exchange. The fair values of unlisted stocks were calculated using the discounted future cash flow method, price comparison method based on the prices of similar companies, net asset value method and other valuation methods.

(c) Derivative financial assets and liabilities

Currency-related derivatives

The fair values with respect to foreign exchange transactions, spot/forward transactions, currency option transactions and currency swap transactions were calculated based on the forward exchange rate as of the settlement date.

Interest rate-related derivatives

The fair values of interest rate-related derivatives were calculated based on present values of future cash flows discounted by the interest rate, which took into account the period to maturity and the credit risk.

Commodity-related derivatives

The fair values of commodity futures transactions were calculated based on the final prices announced at the commodities exchanges as of the fiscal year-end. The fair values of commodity forward transactions and commodity swaps were calculated based on the index prices publicly announced at the fiscal year-end.

(d) Trade notes and accounts payables

Per each payables classified per certain period, the fair value was calculated based on the present value of future cash flow discounted by the interest rate, which took into account the period to maturity and the

credit risk.

(e) Bonds and borrowings

For bonds payable, the fair values thereof were calculated based on such market prices.

The fair values of long-term loans payable were calculated based on the present value discounted by a rate anticipated for a new borrowing with the same principal and interest.

Investment Property

1. Status of Investment Property

The Company and certain subsidiaries own rental office buildings and rental commercial facilities in Tokyo and other areas.

2. Fair Values of Investment Property

Carrying amounts and fair values of investment property for 2014 were as follows.

(Millions of yen)

| | As of March 31, 2014 |
|-----------------|-------------------------|
| Carrying amount | 25,334 |
| Fair value | 27,197 |

- (Notes) 1. The above carrying amount is calculated by subtracting accumulated depreciations and accumulated impairment losses from acquisition costs.
2. The fair values are of amounts that the Group calculated using as reference the amounts based on an independent appraiser's appraisals and the "real estate appraisal standards" of the country in which the investment properties are located. These appraisals are calculated based on either the public offering price, a sales comparison approach or discount cash flow approach. Upon an acquisition from a third party or at the time of the most recent appraisal, if there is no significant fluctuation in the index, which is believed to reflect a certain appraised value (market or assessed price) or appropriate market value, the fair value is adjusted using such appraised value or index.

Per-share Information

Basic Earnings per Share 21.78 yen

Subsequent Events

On April 22, 2014, the Company issued domestic unsecured bonds in accordance with the issue limit for straight bonds and general conditions for the year ending March 31, 2015, approved by the Board of Directors on March 27, 2014.

Details are as follows.

| | |
|--------------------------------|---|
| 1) Name of bond | The 29th unsecured bond |
| 2) Total face value of bond | ¥10,000 million |
| 3) Unit amount of bond | ¥100 million |
| 4) Total amount of bond issue | ¥10,000 million |
| 5) Issue price | ¥100 per ¥100 |
| 6) Interest rate on bond | Annual rate 1.18% |
| 7) Interest payment date | April 22 and October 22 of each year |
| 8) Redemption of method | a) Redemption at maturity b) Retirement by purchase |
| 9) Redemption price | ¥100 per ¥100 |
| 10) Due date of payment | April 22, 2014 |
| 11) Date of bond issue | April 22, 2014 |
| 12) Maturity date | April 22, 2022 |
| 13) Country of bond issue | Japan |
| 14) Method of offer | Public offering |
| 15) Secured mortgage/guarantee | Unsecured/unguaranteed |
| 16) Use of funds | The funds will be used to repay a portion of the 22nd unsecured bond for which the redemption date is on September 5, 2014. |

(Note) In the consolidated financial statements, amounts presented in millions of yen have been rounded down to the nearest million.

Notes to the Non-consolidated Financial Statements

Significant Accounting Policies

1. Basis and Methods of Valuation of Assets

(1) Securities

- Trading Securities

Stated at fair value based on market prices as of the closing date with the cost of securities sold calculated using the moving average method.

- Held-to-Maturity Debt Securities

Stated at amortized cost (straight-line method).

- Stocks of subsidiaries and affiliates

Stated at cost using the moving average method.

- Available-for-Sale Securities

- Securities with available fair values

Stated at fair value based on market prices as of the closing date. Valuation gains or losses are taken directly included in a component of net assets. The cost of securities sold is calculated using the moving average method.

- Securities with no readily available fair value

Stated at cost using the moving average method.

Investments in a limited investment partnership or a similar partnership (that can be considered as marketable securities in accordance with the Article 2, Paragraph 2 of the Financial Instruments and Exchange Act) are stated at their net equity value on the most recent financial statements that are available on the settlement report day as specified in the partnership agreement.

(2) Derivatives

Stated at fair value.

(3) Fund Trusts for Investment Purpose

Stated at fair value.

(4) Inventories

- Inventories held for sale in the ordinary course of business

Stated at cost based on the specific identification method or moving average method (balance sheet values are adjusted by writing down the book values where the profitability declines).

- Inventories held for trading purpose

Stated at fair value.

2. Depreciation Method for Noncurrent Assets

(1) Property, Plant and Equipment (excluding lease assets)

Property, plant and equipment are depreciated using the declining balance method.

However, the buildings (excluding fixtures) acquired on or after April 1, 1998 are depreciated using the straight-line method.

(2) Intangible Assets (excluding lease assets)

Intangible assets are amortized using the straight-line method.

3. Accounting Standards for Provisions

(1) Allowance for Doubtful Accounts

In order to provide reserve for possible losses on receivables or loans, the Company records allowance for doubtful accounts based on the historical default rates for ordinary receivables and on an estimate of collectability of specific doubtful receivables from customers in financial difficulties.

(2) Allowance for Investment Loss

In order to provide reserve for possible losses on investments in subsidiaries and affiliates, etc., the Company records the allowance for investment loss for each investment based upon the financial condition and business value of each investee in accordance with the internal standard.

(3) Provision for Bonuses

Provision for bonuses is recorded to accrue the bonus to employees of the Company for the amount to be paid.

(4) Provision for Retirement Benefits

Provision for retirement benefits is recorded to provide the retirement benefits to employees of the Company for the amount to be accrued based on the retirement benefit obligation at the end of the fiscal year.

4. Basis for Translating of Foreign Currency Denominated Assets and Liabilities into Japanese Yen

Monetary assets and liabilities denominated in foreign currency are translated into Japanese yen at the spot exchange rate on the closing date. Translation differences are recognized as profit or loss in the corresponding fiscal year.

5. Hedge Accounting

(1) Hedge Accounting Method

In general, the deferral hedge accounting is applied.

Forward exchange contracts, currency swaps, and currency options that fulfill the appropriation requirements are subjected to the appropriation treatment, while interest rate swaps that fulfill the requirement for preferential treatment are subjected to the preferential treatment.

(2) Hedging Instruments and Hedged Items

Forward exchange contract, currency swap, and currency option contracts are used as hedging instruments against exchange rate fluctuation risks involved in transactions in foreign currencies. Interest rate swap, interest rate cap, and interest rate option contracts are used as hedging instruments against interest rate fluctuation risks involved in debts, loans, and interest-bearing bond. Commodity future and forward are used as hedging instruments against price fluctuation risks of precious metals,

grain, petroleum, and others.

(3) Hedge Policy

The Company enters into derivative contracts for hedging purpose in accordance with the Company's policies and procedures, in order to avoid fluctuation risks in foreign exchange, interest rates, and market value of securities and commodities, which are associated with the Company's operation.

(4) Assessment of Hedge Effectiveness

The Company assesses the hedge effectiveness by comparing the cumulative change in cash-flows or the changes in fair value of hedged items with the corresponding changes of hedging instruments on a quarterly basis. However, the assessment of hedge effectiveness is omitted for interest rate swaps under the preferential treatment.

6. Other Significant Basis of Presenting the Non-consolidated Financial Statements

(1) Accounting for Deferred Assets

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

(2) Accounting for Consumption Tax

The tax-excluded method is used.

(3) Application of Consolidated Taxation Systems

The consolidated taxation system is applied.

Changes in the Presentation of Financial Statements

Upon reviewing the presentation of financial statements in line with the partial revision of "Ordinance on Terminology, Forms and Preparation Methods of Consolidated Financial Statements," the presentation method was changed as follows.

(Non-consolidated Balance Sheets)

Under *Current assets*, *Real estate for sale* and *Goods in transit*, which were presented separately in the previous fiscal year, are included in *Merchandise* and *Short-term loans receivable from subsidiaries and affiliates*, which was presented separately in the previous fiscal year, is included in *Short-term loans receivable* in the fiscal year under review.

Additionally, *Prepaid expenses*, *Guarantee deposits*, *Accrued income* and *Accounts receivable-other*, which were presented separately in the previous fiscal year, are included in *Other* in the fiscal year under review.

Under *Property, plant and equipment*, *Structures*, *Machinery and equipment*, *Vehicles*, *Tools*, *furniture and fixtures* and *Lease assets*, which were presented separately in the previous fiscal year, are presented as *Other* from the fiscal year under review.

Under *Investments and other assets*, *Investments in capital of subsidiaries and affiliates* and *Investments in other securities of subsidiaries and affiliates*, which were presented separately in the previous fiscal year, are presented as *Investments in capital of subsidiaries and affiliates, etc.* from the fiscal year under review, and *Long-term loans receivable from employees* and *Long-term loans receivable from subsidiaries and affiliates*, which were presented separately in the previous fiscal year, are included in *Long-term loans receivable* in the fiscal year under review. Additionally, *Investments in capital*, *Long-term prepaid*

expenses and *Real estate for investment*, which were presented separately in the previous fiscal year, are included in *Other* in the fiscal year under review.

Under *Current liabilities*, *Notes payable-import*, which was presented separately in the previous fiscal year, is included in *Notes payable-trade* in the fiscal year under review, and *Commercial papers*, *Lease obligations*, *Accounts payable-other*, *Accrued expenses*, *Advances received*, *Guarantee deposits received* and *Asset retirement obligations*, which were presented separately in the previous fiscal year, are included in *Other* in the fiscal year under review.

Under *Noncurrent liabilities*, *Long-term loans payable to subsidiaries and affiliates*, which were presented separately in the previous fiscal year, is included in *Long-term loans payable* in the fiscal year under review. *Lease obligations* and *Asset retirement obligations*, which were presented separately in the previous fiscal year, are included in *Other* in the fiscal year under review.

(Non-consolidated Statements of Income)

Under *Non-operating expenses*, *Interest on commercial papers*, which was presented separately in the previous fiscal year, is included in *Interest expenses* in the fiscal year under review.

Under *Extraordinary income*, *Gain on sales of investment securities* and *Gain on sales of equity investment without stock*, which were presented separately in the previous fiscal year, are presented as *Gain on sales of investment securities, etc.* from the fiscal year under review.

Under *Extraordinary loss*, *Loss on sales of noncurrent assets* and *Loss on retirement of noncurrent assets*, which were presented separately in the previous fiscal year, are presented as *Loss on sales and retirement of noncurrent assets* from the fiscal year under review. *Loss on sales of investment securities* and *Loss on sales of equity investment without stock*, which were presented separately in the previous fiscal year, are presented as *Loss on sales of investment securities, etc.* from the fiscal year under review, while *Loss on valuation of investment securities* and *Loss on valuation of investments in capital*, which were presented separately in the previous fiscal year, are presented as *Loss on valuation of investment securities, etc.* from the fiscal year under review.

Non-consolidated Balance Sheets

1. Pledged Assets and Corresponding Liabilities

(1) Assets Pledged as Collateral

| | (Millions of yen) |
|--|-------------------------|
| | As of March 31, 2014 |
| Pledged assets | |
| Investment securities | 9,167 |
| Total | 9,167 |
| Corresponding liabilities | |
| Long-term loans payable (including current portion) | 191 |
| Total | 191 |

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

(2) Assets Pledged in Lieu of a Guarantee Deposit, etc.

| | (Millions of yen) |
|---|-------------------------|
| | As of March 31, 2014 |
| Investment securities (including stocks of subsidiaries and affiliates) | 38,207 |
| Long-term loans receivable | 5,929 |
| Total | 44,137 |

3. Accumulated Depreciation of Property, Plant and Equipment 5,687 million yen

4. Guaranteed Obligation

| | (Millions of yen) |
|---|-------------------------|
| | As of March 31, 2014 |
| Guarantees for obligations of subsidiaries and affiliates | 204,496 |
| Guarantees for other obligations | 22,420 |
| Total | 226,917 |

(Note) The above guarantees for obligations mainly consist of the Company's guarantees for the borrowings from financial institutions, and include items similar to guarantees in the amount of 72,667 million yen.

5. Notes Receivable-Trade—Discounted 22,671 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. The amount is 10,737 million yen.

6. Monetary Receivables from and Payables to Subsidiaries and Affiliates

| | |
|----------------------------------|---------------------|
| Short-term monetary receivables: | 114,771 million yen |
| Long-term monetary receivables: | 106,092 million yen |
| Short-term monetary payables: | 68,146 million yen |
| Long-term monetary payables: | 4,075 million yen |

Non-consolidated Statements of Income

Transactions with Subsidiaries and Affiliates

| | |
|--|---------------------|
| Sales to subsidiaries and affiliates: | 287,011 million yen |
| Purchases from subsidiaries and affiliates: | 360,416 million yen |
| Non-operating transactions with subsidiaries and affiliates: | 43,997 million yen |

Non-consolidated Statements of Changes in Net Assets

Types and Numbers of Shares of Treasury Stock as of the End of the Current Fiscal Year

| | |
|--------------|----------------|
| Common stock | 467,298 shares |
|--------------|----------------|

Tax Effect Accounting

1. Breakdown of Major Reason for Deferred Tax Assets and Deferred Tax Liabilities:

| Deferred tax assets | (Millions of yen) |
|--|-------------------|
| Excess amount over limitation of taxable allowance for doubtful accounts | 20,458 |
| Loss on valuation of investment securities | 26,661 |
| Loss from merger | 1,054 |
| Excess amount over limitation of taxable allowance for retirement benefits | 2,951 |
| Loss carried forward | 46,108 |
| Other | 13,469 |
| Subtotal | 110,704 |
| Valuation allowance | (89,679) |
| Total deferred tax assets | 21,025 |
| Offset against deferred tax liabilities | (17,447) |
| Amounts recorded as deferred tax assets | 3,577 |
| | |
| Deferred tax liabilities | |
| Foreign exchange losses relating to stocks of subsidiaries and affiliates | (8,536) |
| Gain from merger | (3,942) |
| Valuation difference on available-for-sale securities | (6,537) |
| Other | (851) |
| Total deferred tax liabilities | (19,867) |
| Offset against deferred tax assets | 17,447 |
| Amounts recorded as deferred tax liabilities | (2,419) |
| | |
| Net deferred tax assets | 1,157 |

2. Revision to the Amount of Deferred Tax Assets and Deferred Tax Liabilities Due To Changes in Statutory Effective Tax Rate

With the promulgation on March 31, 2014 of the “Act for Partial Amendment of the Income Tax Act, etc.” (Act No. 10, 2014), “Act for Partial Amendment of the Local Tax Act, etc.” (Act No. 4, 2014) and “Local Government Corporation Tax Act” (Act No. 11, 2014), income tax rates are changed from the fiscal year beginning on or after April 1, 2014. In accordance with this change, for the elimination of temporary difference, etc. on and after April 1, 2014, the statutory effective tax rate to be used in calculations of deferred tax assets and deferred tax liabilities has been changed from the 38.01% applicable hitherto to 35.64%. The impact of this change in the tax rate is immaterial.

Transactions with Related Parties

Subsidiaries

(Millions of yen)

| Classification | Company name | Ownership including voting right | Relationship | | Transactions | Amount of transactions | Account | As of March 31, 2014 |
|----------------|-------------------------------|----------------------------------|-------------------------------------|--------------------------------|----------------------------------|------------------------|-----------------------------|----------------------|
| | | | Interlocking executive positions | Business relationship | | | | |
| Subsidiary | Sojitz Corporation of America | Directly and wholly owned | 2 persons in interlocking positions | Buyer and supplier of products | Guarantee on debt (Note 1) | 45,088 | — | — |
| | | | | | Guarantee fees received (Note 2) | 41 | — | — |
| Subsidiary | Sojitz Pla-Net Holdings, Inc. | Directly and wholly owned | — | Borrower of funds | Funds loaned (Note 3) | — | Short-term loans receivable | 17,922 |
| | | | | | Interest received (Note 3) | 409 | — | — |

Conditions of Transactions and Policies for Determining the Conditions

- (Notes)
1. The Company guarantees the bank borrowings of the above companies.
 2. The Company receives the guarantee fee of 0.1% per annum on the outstanding balance of the guarantee.
 3. Interest rate is determined reasonably based upon the market interest rate. These loans and interest are not secured by collateral.

Per-share Information

1. Net Assets per Share: 281.23 yen
2. Net Income per Share: 4.52 yen

(Note) In the non-consolidated financial statements, amounts presented in millions of yen have been rounded down to the nearest million.

Subsequent Events

On April 22, 2014, the Company issued domestic unsecured bonds in accordance with the issue limit for straight bonds and general conditions for the year ending March 31, 2015, approved by the Board of Directors on March 27, 2014.

Details are as follows.

| | |
|--------------------------------|---|
| 1) Name of bond | The 29th unsecured bond |
| 2) Total face value of bond | ¥10,000 million |
| 3) Unit amount of bond | ¥100 million |
| 4) Total amount of bond issue | ¥10,000 million |
| 5) Issue price | ¥100 per ¥100 |
| 6) Interest rate on bond | Annual rate 1.18% |
| 7) Interest payment date | April 22 and October 22 of each year |
| 8) Redemption of method | a) Redemption at maturity b) Retirement by purchase |
| 9) Redemption price | ¥100 per ¥100 |
| 10) Due date of payment | April 22, 2014 |
| 11) Date of bond issue | April 22, 2014 |
| 12) Maturity date | April 22, 2022 |
| 13) Country of bond issue | Japan |
| 14) Method of offer | Public offering |
| 15) Secured mortgage/guarantee | Unsecured/unguaranteed |
| 16) Use of funds | The funds will be used to repay a portion of the 22nd unsecured bond for which the redemption date is on September 5, 2014. |