Shareholder returns are crucial to increasing corporate value.

Our future is bright as long as we maintain our strong commitment to reforming ourselves and raise our ability to execute.

sojitz

New way, New value

We will create a highly independent organization that anticipates changes in the business environment.

We will devote ourselves to raising the sophistication of division operations in order to drastically transform our businesses.

I aim to build an organization that is able to enhance earnings by keeping in mind the social value of securing and consistently supplying resources to the market.

I believe in Sojitz employees.

CSR is a management priority. We are a member of global society, so we must contribute to prosperity and quality of life worldwide.

We will continue to invest in growth while ensuring even more sophisticated and specialized risk management capabilities.

Taking on challenges requires change.

We will dramatically increase asset efficiency and further strengthen our financial foundation to increase funding flexibility.

The Promise We Deliver

Annual Report 2012 For the year ended March 31, 2012

We must continuously improve asset efficiency to accumulate the internal capital resources that will drive steady growth, while constantly strengthening value chains as we adapt and evolve ahead of our rapidly changing markets and customers.

I want Sojitz to be bolder and more aggressive than ever.

The key to achieving continuous growth is maintaining stakeholder trust. We need to pursue greater achievements to meet the expectations of all our stakeholders.

Having a clear vision of the kind of company Sojitz should become brings our incredibly talented employees together in exercising their creativity and working effectively to achieve that vision.

A trading company is only as good as the people it employs. Highly specialized teams and people are without doubt the key to success in creating a potent earnings foundation.

Sojitz advocates the social role of good faith. Approaching issues openly and directly and conducting business with integrity and awareness are powerful competitive advantages.

Enhancing corporate governance to ensure a sound management framework will drive sustained growth and earn the trust of stakeholders.

Increasing shareholders' equity and raising return on assets will naturally lower our net debt equity ratio and broaden our financial foundation, which will enhance funding flexibility.

We will continue to excel as long as we contribute to social and industrial development through creation.

Sojitz Corporation

Contents

Editorial Policy

Annual Report 2012 is a key publication that helps stakeholders understand Sojitz. It covers our company/organization from many angles, presenting management strategies, operations, organization and finances while providing an explanation of the Sojitz Group's CSR initiatives and efforts to achieve sustained growth. Index tabs have been incorporated to make the report easier to navigate.

Additional information is available on the Sojitz website at http://www.sojitz.com/en/.

Forward-Looking Statements

The information in this annual report about future performance (forward-looking statements) is based on information available to management at the time of its disclosure. Accordingly, readers are advised that actual results may differ from forward-looking statements due to a wide variety of factors including, but not limited to, conditions in the Company's principal overseas and domestic markets, economic conditions, and changes in foreign currency exchange markets.

Ten Declarations

Under a new management structure, Sojitz is pushing ahead with its Medium-term Management Plan 2014 – Change for Challenge, which ends in March 2015. In the "Ten Declarations" in this report, ten executives including the CEO declare their commitment to achieving the objectives of Medium-term Management Plan 2014.

01 Yoji Sato, President & CEO
02 Shigeki Dantani, Executive Vice President, Business Group
03 Toshihiko Kita, President, Machinery Division
04 Masahiro Komiyama, President, Energy & Metal Division
05 Satoshi Mizui, President, Chemicals Division
06 Hideaki Kato, President, Consumer Lifestyle Business Division
07 Yutaka Kase, Chairman
08 Shinichi Taniguchi, CCO (Chief Compliance Officer)
09 Yoshio Mogi, CFO, Senior Managing Executive Officer
10 Shigeru Nishihara, Executive Officer, Investor Relations

Feature:
The Objectives of Medium-term Management Plan 2014

New President & CEO Yoji Sato reviews Shine 2011, the previous medium-term management plan, and outlines Medium-term Management Plan 2014 – Change for Challenge. He talks about the quantitative and qualitative targets in the plan, the meanings embodied in the subtitle "Change for Challenge," and Sojitz's vision for the future.

Ten Declarations

01

from Yoji Sato, President & CEO

"Taking on challenges requires We will meet the targets of Medium— Management Plan 2014 in pursuit greater achievements."

I became President & CEO in April 2012. My experience has included positions of leadership overseas, in finance and accounting, and in management planning. I also served as CFO from 2005. In my current position, I recognize the great importance of appropriate, rapid decisions and actions based on an accurate understanding of events in a world of escalating change. I am totally committed to putting all of my experience and expertise to work in achieving sustained growth and increasing corporate value so that Sojitz will prevail in its unstable operating environment.

The key to achieving continuous growth is maintaining stakeholder trust. We need to pursue greater achievements to meet the expectations of all our stakeholders.

This is the rationale for Medium-term Management Plan 2014 – Change for Challenge, which commenced in April 2012. The aim of the plan is to increase corporate value under the theme of implementing reforms in pursuit of growth initiatives. We will dramatically increase asset efficiency through rapid asset replacement and further strengthen our financial foundation to increase funding flexibility. Following the three years of Medium-term Management Plan 2014, I want Sojitz to be bolder and more aggressive than ever. In other words, I want to create a strong company filled with energetic employees, with an environment in which we can achieve what we set out to do.

change.
—term
of

The subtitle of Medium-term Management Plan 2014 is Change for Challenge. It adds the notion that in pursuit of greater achievements we will continue to reform ourselves as we strive to live up to new challenges. Taking on challenges requires change. With a firm focus on the rapidly changing environment going forward, we determined the route we will take over the next three years based on meticulous analysis and verification. Our future is bright as long as we maintain our strong commitment to reforming ourselves and raise our ability to execute.

Sojitz is united in its commitment to meeting the targets of Medium-term Management Plan 2014.

President & CEO
Yoji Sato

> History of Sojitz

Two companies that drove Japan's renaissance after World War II, Nichimen Corporation and Nissho Iwai Corporation, merged to form Sojitz Corporation. As a general trading company that creates new businesses and new value, Sojitz is involved in a broad range of businesses worldwide, including automobiles, plants, energy, mineral resources, chemicals and foodstuff resources.

Nissho Company
1902 Suzuki & Co., Ltd. established

Iwai Sangyo Company
1896 Iwai & Co., Ltd. established

Nissho Iwai Corporation
1968 Nissho Company and Iwai Sangyo Company merged

Nichimen Corporation
1892 Japan Cotton Trading Co., Ltd. established

sojitz
New way, New value
Sojitz Corporation

2003 Nissho Iwai-Nichimen Holdings Corporation established through the transfer of shares by Nichimen Corporation and Nissho Iwai Corporation, which become its subsidiaries

2004 Subsidiaries Nichimen Corporation and Nissho Iwai Corporation merged to form Sojitz Corporation

Name of holding company changed to Sojitz Holdings Corporation

2005 Sojitz Holdings Corporation merged with subsidiary Sojitz Corporation and company name changed to Sojitz Corporation

This is Sojitz
Our beginnings

> Sojitz Group Statement

The Sojitz Group produces new sources of wealth by connecting the world's economies, cultures and people in a spirit of integrity.

> Sojitz Group Management Vision

- Unrelentingly enhance the Group's trading company functions, as demanded by clients, by fully grasping and anticipating clients' diverse needs (Function-oriented trading company)
- Take advantage of changes and continuously develop new business fields (Innovating trading company)
- Become a company in which each and every employee can work with pride and pursue challenges and explore opportunities to realize his or her own personal goals and ambitions (Open and flexible company)
- Seek to harmonize the Group's corporate activities with the society and the environment by consistently putting the Group's Statement into practice (Socially contributive company)

> Group Slogan

sojitz

New way, New value

Our Group slogan "New way, New value" stands for our commitment to generating "new value" for society unique to Sojitz in our distinctive "new way." Each and every one of our employees will think freely and generate innovative ideas that leverage our history, human resources, business rights and every other capability, tangible or intangible.

Sojitz conducts its operations across a broad range of business fields, and in each of these areas we have extremely knowledgeable specialists. The Sojitz Group slogan encourages these personnel to constantly take on new challenges and practice business in a "new way" on a day-to-day basis in order to create "new value," thereby enhancing the corporate value of the Company.

and philosophy

> Business Divisions

Sojitz takes advantage of its strengths in aggressively promoting business in each of its four business divisions: Machinery, Energy & Metal, Chemicals and Consumer Lifestyle Business.

Machinery Division

¥392.2 billion

(18.5%)

Portion of Total Assets
(As of March 31, 2012)

- Automotive Unit
- Infrastructure Project & Industrial Machinery Unit
- Marine & Aerospace Unit
- Environment & Urban Infrastructure Development Office
- IT Business Department

Energy & Metal Division

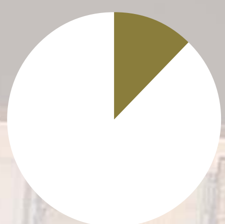
¥541.2 billion

(25.5%)

Portion of Total Assets
(As of March 31, 2012)

- Energy Unit
- Coal & Nuclear Unit
- Steel & Mineral Resources Unit

Chemicals Division



¥272.3 billion

(12.8%)

Portion of Total Assets
(As of March 31, 2012)

- Chemicals Unit
- Ecological Materials & Resources Unit
- Life Science Business Development Office

(The name of the Chemicals & Functional Materials Division changed to the Chemicals Division on April 1, 2012.)

Consumer Lifestyle Business Division

¥409.9 billion

(19.3%)

Portion of Total Assets
(As of March 31, 2012)

- Foods Resources Unit
- Agriculture & Forest Resources Unit
- Consumer Service & Development Unit

Note: In addition to the above, Sojitz has other businesses, companies and adjustments, which together account for 23.9% of total assets.

This is Sojitz
What we do

> Examples of Sojitz's Business Strengths

Sojitz is engaged in a wide range of businesses as a general trading company, and has achieved many impressive results. Below are a few representative examples.

Commercial Aircraft

Japanese Market Share

No.1

Sojitz has the top share of the Japanese commercial aircraft market as the sales representative for companies including The Boeing Company and Bombardier Inc.

Rare Metals

Share of Imports to Japan

Top Class

Sojitz has the number-one share of imports of molybdenum and niobium to Japan and a top-class share of a wide array of other metals including tungsten and chrome.

Coal

Annual Imports to Japan

12.5 million tons

Sojitz ranks among the top general trading companies in importing coal to Japan, including thermal coal for power generation and coking coal for steel production.

High-Purity Silicon Metals

Share of Imports to Japan

No.1

With the number-one share of imports to Japan of high-purity silicon metals, raw materials for solar panels, Sojitz is supporting the spread of renewable energy.

Methanol

Annual Trading Volume

1 million tons

Sojitz operates a methanol manufacturing and sales company in Indonesia and markets methanol primarily in Asian countries.

Industrial Salt

Share of Imports to Japan

20%

Sojitz has a top-class share of the Japanese industrial salt market, and plans to produce 3 million tons of this product in 2014 as a result of investment in upstream businesses.

Advanced Chemical Fertilizer

Share in Thailand, Vietnam and the Philippines

No.1

With a history spanning 40 years and trusted for quality, Sojitz's in-market production and sales companies have the top share in Thailand, Vietnam and the Philippines.

Grain Trading

Specialized Port for Grains

Largest in ASEAN

Sojitz is expanding grain trading in Asia using the port facilities of the leading Vietnamese flour milling company as a distribution base.

President & CEO
Yoji Sato

Feature:

The Objectives of Medium-term Management Plan 2014

Sojitz began Medium-term Management Plan 2014 – Change for Challenge in April 2012 under the theme of implementing reforms in pursuit of growth initiatives. In this feature article, President & CEO Yoji Sato provides an overview of our medium-term management plan and explains future initiatives.

Shine 2011 in Retrospect

Visible progress toward the establishment of a strong earnings foundation represents a major success.

Before I begin explaining our strategy for the future, I would like to summarize our previous medium-term management plan, Shine 2011 (year ended March 31, 2010 to year ended March 31, 2012).

In the challenging environment after the collapse of Lehman Brothers, Shine 2011 targeted establishing a firm footing and improvement in the quality of earnings in order to establish a powerful earnings foundation that ensures continuous growth.

During Shine 2011, a priority initiative was thorough risk management to restore operating profitability. We concentrated on rationalizing inventory levels and improving the sophistication of risk management. We successfully rebuilt the earnings of businesses such as fertilizer and automobiles that were battered by the financial crisis of 2008, and also achieved our target of restoring all operating segments to profitability in the year ended March 31, 2011, one year ahead of schedule.

In addition, Sojitz aggressively made new investments and loans with a focus on businesses in which it is strong, and also made progress in accumulating quality businesses and assets. We expanded interests in resource businesses including coal and rare metals. In non-resource businesses, we augmented our foundation for stable long-term earnings in the independent power producer (IPP) business and made upstream investments in rare earths and industrial salt. These and other moves expanded our business foundation. New investments and loans in the years ended March 31, 2011 and 2012 totaled ¥126.0 billion, which was less than the ¥150.0 billion we had planned. However, these investments were very meaningful in terms of what we added to our business portfolio.

Thus we made visible progress toward the management objective at the start of the plan of establishing a strong earnings foundation, which represents a major success. The global recession exposed risks embedded in Sojitz's assets, but we generated favorable results by honestly assessing these weaknesses and taking steps to confront them.

Current Challenges

We need the ability to deal with volatility and uncertainty, and the adaptability to find opportunity in change.

We have maintained the net debt equity ratio (net DER) at 2.1 times and the ratio of risk assets to shareholders' equity at 1.0 times,

Summary of Results for the Year Ended March 31, 2012

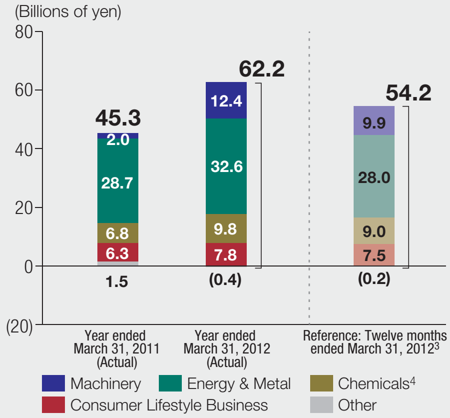
Business activities were solid during the year ended March 31, 2012. However, the reversal of deferred tax assets due to changes in Japan's tax code resulted in a net loss for the fiscal year. In addition, we prepared for the introduction of international financial reporting standards (IFRS) by aligning the fiscal year-ends of major overseas consolidated subsidiaries with that of the parent company, Sojitz Corporation. As a result of this change, the accounting period ended March 31, 2012 for these consolidated subsidiaries spanned the 15 months from January 1, 2011.

Summary of Results

(Billions of yen)	Year ended March 31, 2011 (Actual)	Year ended March 31, 2012 (Actual)	YoY Change
Gross trading profit	192.7	231.6	38.9
Ordinary income	45.3	62.2	16.9
Net income	16.0	(3.6)	(19.6)
Core earnings[1]	41.9	65.0	23.1
Total assets	2,117.0	2,120.6	3.6
Net interest-bearing debt	700.6	647.8	(52.8)
Shareholders' equity[2]	330.0	305.9	(24.1)
Net DER (times)	2.1	2.1	(0.0)
Current ratio	142%	137%	(5.0) points
Long-term debt ratio	72%	71%	(1.0) point

1. Core earnings = Operating income before provision for doubtful receivables + Net interest income + Dividends received + Equity in earnings of unconsolidated subsidiaries and affiliates
2. Shareholders' equity = Total net assets – Minority interests

Ordinary Income by Business Segment



3. Results for the 12 months ended March 31, 2012, excluding the results of significant overseas consolidated subsidiaries for the period January – March 2011
4. The name of the Chemicals & Functional Materials segment changed to the Chemicals segment on April 1, 2012.

which were the targets of Shine 2011. Moreover, the long-term debt ratio and the current ratio were as planned, so our finances remain sound. However, even excluding the impact of factors including tax code changes, return on assets (ROA) was below our target, and we did not achieve our target for the equity ratio because of factors including the strong yen. These results suggest that our current challenge is increasing our resilience to changes in the external environment.

However, our operating environment continues to change rapidly.

Looking at our operating environment going forward, factors including the financial crisis in Europe will slow the economies of developed countries, while growth in emerging countries will drive the global economy. Emerging countries will increasingly enlarge their share of global GDP, which we believe will create a more diverse, multipolar global economy. Volatility and uncertainty will inevitably increase as structural change in global markets accelerates.

Given these challenges and operating environment, we developed the new medium-term management plan to make sure we have the ability to deal with unforeseen contingencies, and the adaptability to find opportunity in change.

Overview of Medium-term Management Plan 2014

We intend to enhance shareholders' equity and increase corporate value by implementing reforms in pursuit of growth initiatives.

Medium-term Management Plan 2014 – Change for Challenge has the theme of implementing reforms in pursuit of growth initiatives.

In pursuit of greater achievements we will continue to reform ourselves as we strive to live up to new challenges. We aim to increase our corporate value based on this strong commitment.

The first point in explaining the essential features of the plan is that total assets will basically stay around ¥2.1 trillion as we replace assets company-wide to raise asset quality and efficiency and further increase earnings. Naturally, we will continue to invest in growth areas, allocating capital that includes the resources generated through asset replacement, with priority on the business focus areas we have defined. In addition, we will ensure even more sophisticated and specialized risk management capabilities in order to take on the challenges of various business activities in a rapidly changing operating environment. Policies will include establishing Controller Offices in frontline businesses to accurately monitor asset quality in individual businesses. Concurrently, we will strengthen our ability to respond adroitly to progress

Framework of Medium-term Management Plan 2014

In pursuit of greater achievements we will continue to reform ourselves as we strive to live up to new challenges. We aim to increase our corporate value based on this strong commitment.

Implement reforms in pursuit of growth initiatives

- **Strengthen earnings capacity by improving the quality of assets**
- **Continue investing for growth**
(Strategic allocation to business focus areas)
- **Build up a structure and organization that enables business to be creative, efficient, and highly capable of managing risk**
- **Foster human resources that are able to go the distance even in a business environment typified by accelerating globalization**

Enhance the financial foundation through the accumulation of shareholders' equity

Improving corporate value and pursuing greater achievements

in our businesses and to changes in the operating environment. We will also remain fully committed to cultivating exceptional global personnel who can grow with companies worldwide and succeed against keen competition.

These reforms will support further growth initiatives because they will allow us to increase corporate value by enhancing our financial foundation with steady increases in shareholders' equity, which we did not fully achieve in the past.

Quantitative Targets of Medium-term Management Plan 2014

Our plan has quantitative targets that we can and must achieve.

We emphasized achievable quantitative targets for Medium-term Management Plan 2014 to deal with unpredictable changes in our operating environment.

For the year ending March 31, 2013, the initial year of Medium-term Management Plan 2014, we forecast ordinary income of ¥50.0 billion and net income of ¥20.0 billion. For the year ending March 31, 2015, the final year of the plan, we are targeting ordinary income of ¥75.0 billion and net income of ¥45.0 billion. Excluding the impact of the 15-month accounting period for certain consolidated subsidiaries that was included in results for the year ended March 31, 2012 in preparation for the introduction of IFRS, we are targeting growth of 38.4 percent in ordinary income over the three years ending March 31, 2015.

On the balance sheet, we will maintain total assets at the ¥2.0 trillion level while keeping the net DER at 2.0 times or lower and raising ROA to 2.0 percent or higher. In this way, we plan to raise shareholders' equity to ¥380.0 billion by the end of the final fiscal year of the plan.

Successful initiatives under the previous medium-term management plan, Shine 2011, form the background for Medium-term Management Plan 2014. The automotive business, which returned to solid profitability during Shine 2011, and areas of strength including rare metals, rare earths and industrial salt, are core businesses. We will expand distribution channels in these businesses to broaden our stable earnings foundation. Moreover, investments and loans we made in businesses including coal, rare metals and IPP during Shine 2011 will begin contributing fully to earnings.

Another feature of Medium-term Management Plan 2014 is that it incorporates plans for extraordinary losses. We have budgeted for them based on our asset replacement plan, which positions us to aggressively replace assets after considering profitability, potential and fit with our strengths, even if doing so incurs short-term losses.

We believe our quantitative targets are achievable. Shareholders and investors have asked many questions about our outlook for meeting our targets, to which I reply: we must achieve them.

Quantitative Targets of Medium-term Management Plan 2014

(Announced May 8, 2012)

(Billions of yen)	Year ending March 31, 2013 (Target)	Year ending March 31, 2014 (Target)	Year ending March 31, 2015 (Target)
Gross profit	217.0	224.0	231.0
Ordinary income	50.0	65.0	75.0
Extraordinary income/loss–net	(10.0)	(5.0)	0.0
Net income	20.0	33.0	45.0
Total assets	2,050.0	2,085.0	2,120.0
Net interest-bearing debt	680.0	680.0	670.0
Shareholders' equity	320.0	345.0	380.0
Net DER (times)	2.1	2.0	2.0 or lower
ROA	1.0%	1.6%	2.0% or higher

Investment and Loan Plan

We need to concentrate investment of resources in business focus areas to further reinforce our strengths.

Next, I would like to cover the investment and loan plan.

During the three years ending March 31, 2015, we plan to make investments and loans totaling ¥180.0 billion, which will include the capital generated through asset replacement. New investments and loans will total ¥120.0 billion in business focus areas, with additional investments and loans of ¥60.0 billion in existing businesses. We will continue to concentrate

investment in emerging countries in Asia, Africa, South America and elsewhere that are expected to maintain strong economic growth in the future. We intend to participate in the economic growth of these countries by investing in sectors with strong demand prospects, including infrastructure and resources.

Specifically, we have defined three business focus areas for investment. The first is businesses in which we aim to expand stable earnings. These include coal, IPP, methanol and other current core businesses that generate stable earnings and in which we expect further growth. We need to grow in this area, so we will accumulate assets in trading and through investment in businesses. The second area is businesses in which we aim to expand earnings and adapt to structural shifts. In fertilizer, grain trading, basic petrochemicals and other businesses in which our trading operations are strong, we will leverage our experience and position of leadership to move upstream to make our earnings structure more robust and expand earnings. The third area is businesses in which we anticipate future growth. Here, we will build foundations for new businesses with the aim of monetizing them over the medium and long term.

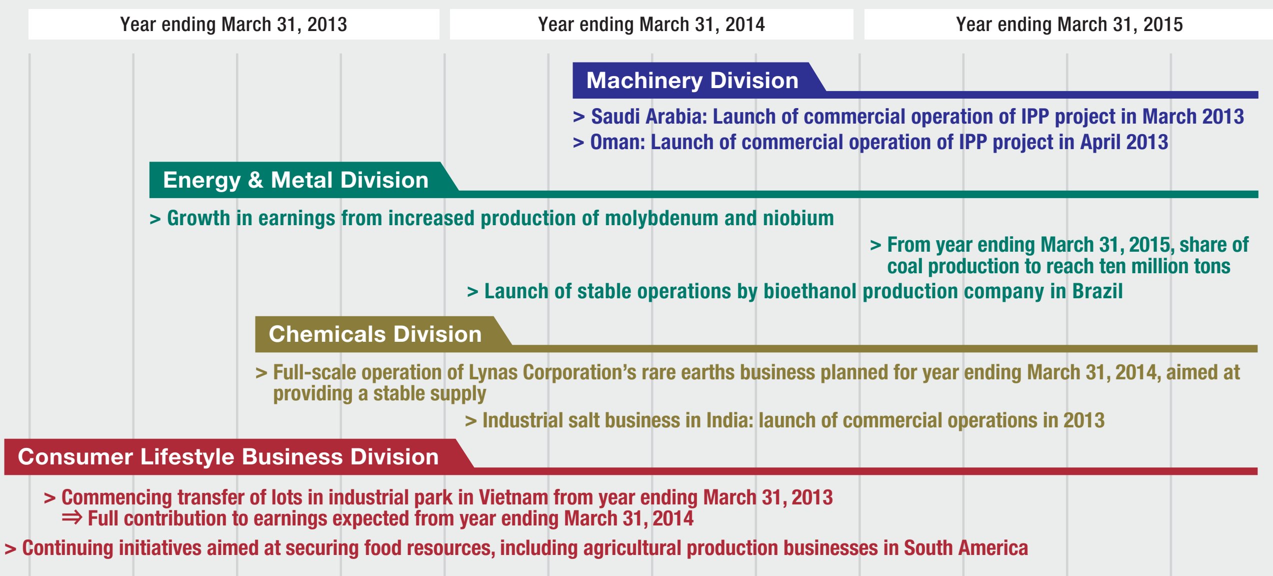
Until now, Sojitz has concentrated investment of resources in areas in which it can leverage its leadership to further reinforce its strengths. Based on meticulous analysis, we have redefined these areas as business focus areas in which we can exercise our strengths.

Key Points in Achieving the Targets of Medium-term Management Plan 2014

Steadily implementing our management plan will create an even stronger earnings foundation.

We formulated Medium-term Management Plan 2014 over more than six months with meticulous analysis and review of assets and businesses from a company-wide perspective. We looked at the kind of company Sojitz should be in three years and in ten years, and determined that we need to

Roadmap for Contributions to Earnings



focus on overall optimization in rebuilding our earnings foundation to enable the pursuit of even greater achievements.

The plans of each business division therefore include detailed guidelines for asset replacement, including downsizing or withdrawing from businesses. Rapid asset replacement entails challenges for frontline employees, but steadily implementing our management plan will create an even stronger earnings foundation.

After we announced Medium-term Management Plan 2014, I visited overseas bases and explained it to our regional management team. Overall, the people I spoke with told me that the challenges and required initiatives were clear and easy to understand. On the other hand, I fielded many questions about new investments and loans. Naturally, people on the front lines were concerned about funding for new investments and loans outside of business focus areas. I explained that if there is a business in which they want to invest, they should take the initiative and reallocate existing assets to generate the required capital resources. This approach would provide them with opportunities to invest in and develop a broad array of businesses. In addition, I explained that the efforts of people involved in withdrawing from businesses are as important as the efforts of people involved in new business development. In other words, each person must be keenly aware of his or her own role.

I believe in Sojitz employees. We are able to act as a company if we share the same policies and direction. Having a clear vision of the kind of company Sojitz should become brings our incredibly talented employees together in exercising their creativity and working effectively to achieve that vision. If our people are aware of the purpose and guidelines of Medium-term Management Plan 2014 and create the framework for implementing it, achieving its targets should be easy.

CSR Initiatives for Sustained Growth

We will concentrate on initiatives that meet the expectations of society, with a focus on CSR priority themes.

Sojitz sees CSR as a management priority. I think a crucial part of promoting CSR is sufficiently recognizing the factors engendering a management environment that enables us to do our jobs.

Consider our history as a general trading company. Responsible for forming part of Japan's industrial structure, Sojitz procured and supplied various resources and goods in order to help raise Japan's standard of living. In the future, we must continue with this mission to steadily procure and share. At the same time, we are a member of global society that is involved in many regions around the world. Just as we aspired to raise Japan's standard of living, we must

Investment and Loan Plan of Medium-term Management Plan 2014

	Description	Policies and examples of main businesses
Business focus areas	**Businesses aimed at expanding stable earnings**	**Expand existing businesses, and strive to accumulate assets and increase business earnings** Examples of businesses: Overseas IPP, coal interests and peripheral businesses, methanol
	Businesses aimed at expanding earnings and adapting to structural shifts	**Aim to innovate existing business models and strengthen earnings capacity over the medium to long term** Examples of businesses: Lithium, basic petrochemicals, fertilizer, grain trading
	Businesses in anticipation of future growth	**Construct new business foundations, aimed at monetization with a medium-to-long-term perspective** Examples of businesses: Renewable energy production, infrastructure improvement, iron ore mining development

Business focus areas		Existing businesses		
New investments and loans ¥120.0 billion	+	Additional investments and loans ¥60.0 billion	=	¥180.0 billion

concentrate on initiatives that contribute to the economy and improve the standard of living in the other countries where we do business.

Moreover, various social facilities including energy, communications, transportation systems and distribution networks support our business activities. We must value these facilities, not take them for granted, and work toward achieving the recycling society that is important for us to achieve sustained growth. In keeping with these beliefs, Sojitz joined the United Nations Global Compact in April 2009.

Sojitz has determined four CSR priority themes based on the expectations and concerns of society and importance to Sojitz. We will continue to concentrate on activities with a focus on the CSR priority themes, accommodating the opinions and meeting the expectations of society. Moreover, Sojitz sees support for reconstruction following the Great East Japan Earthquake as a key task. We are undertaking support activities under the theme of “working toward a brighter future for the people and local community” that is based on the Sojitz Group Statement. We will continue contributing to reconstruction by deploying Group resources in initiatives that correspond to local needs.

Increasing Corporate Value

Continuously reforming ourselves is the shortest path to growth.

Sojitz recognizes that shareholder returns are also crucial to increasing corporate value. Under Medium-term Management Plan 2014, our basic policy is to provide stable, continuous dividends with a consolidated payout ratio of approximately 20 percent. At the same time, we consider enhancing internal capital resources and using them effectively to increase corporate competitiveness and shareholder value to be a key management priority in our efforts to meet the expectations of shareholders. Under this policy, we plan to pay annual cash dividends of ¥3.00 per share for the year ending March 31, 2013.

We maintained annual cash dividends for the year ended March 31, 2012 at the prior-year level of ¥3.00 per share. The net loss for the fiscal year resulted from factors such as the reversal of deferred tax assets due to changes in Japan’s tax code, and did not adversely impact our businesses or require us to draw down cash and cash equivalents. Our earnings foundation is also gaining strength. We therefore emphasized stable dividends.

As I mentioned earlier, our future operating environment is unclear and uncertain. However, even in a rapidly changing environment, Sojitz must be a creative company that continues to provide new value to markets and society.

Under Medium-term Management Plan 2014, we are aiming to raise asset efficiency and further strengthen our financial foundation to increase funding flexibility and become a company that is able to take on even greater challenges. Meeting the targets of the plan is sure to create opportunities for even greater achievements.

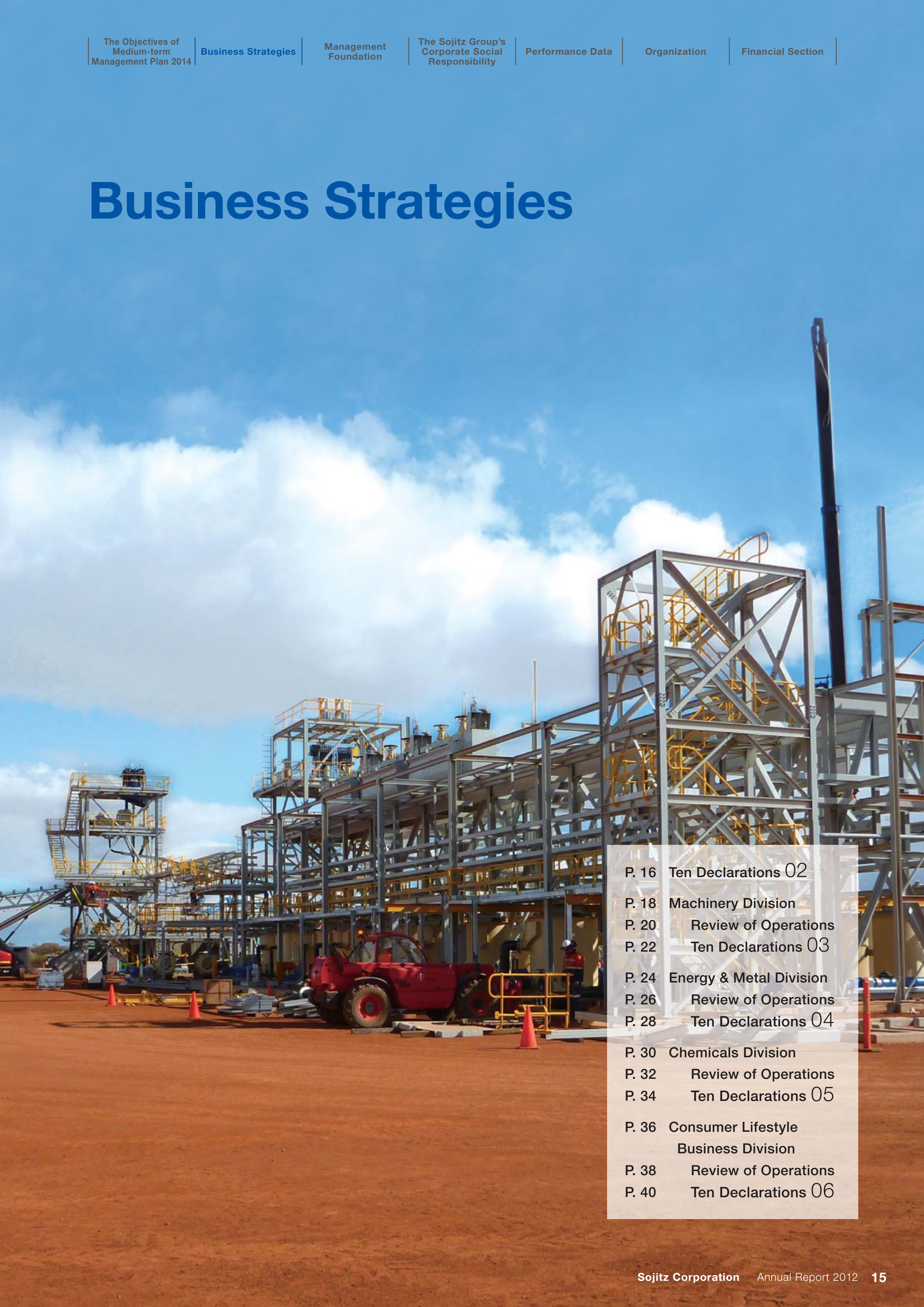
We plan to continuously reform ourselves in pursuit of growth initiatives. While I am sure some of our shareholders and investors have grown impatient with this strategy, I firmly believe it is the shortest path to growth.

Aiming to increase corporate value, Sojitz will continue to implement reforms as it works toward achieving the targets of Medium-term Management Plan 2014. I would like to thank our stakeholders; we intend to meet your expectations for growth.

August 2012

President & CEO
Yoji Sato

Business Strategies



Ten Declarations

02

from Shigeki Dantani,
Executive Vice President, Business Group

“We are totally committed to objectives of our management we can only transform ourselves

The design methodology and structure of Medium-term Management Plan 2014 differ from previous medium-term management plans. Previously, we formulated an income and expense plan from division business strategies, then decided detailed initiatives for achieving it.

Medium-term Management Plan 2014, however, is based on the concept that owning quality assets will naturally result in higher earnings. We worked from the balance sheet to review asset quality and efficiency, and formulated the plan with a view to optimizing assets company-wide. We spent more than six months conducting a fresh analysis of the assets and businesses of each division. With this analysis as a foundation, we then determined the business focus areas in which we will concentrate the allocation of resources.

Managing businesses based on the balance sheet may seem simple, but doing it consistently is anything but. Because this approach represents a major paradigm shift for us, we must spread understanding of the plan’s meaning to all employees of our business divisions so that they can routinely conduct business based on quality assets. I will visit business sites to encourage employees to change their way of thinking, while general managers and division presidents resolutely lead the implementation of our new management approach.

Moreover, we will devote ourselves to raising the sophistication of division operations, including achieving the plan because through progress."

personnel and risk management, in order to drastically transform our businesses through means including asset replacement and withdrawing from or downsizing businesses.

Medium-term Management Plan 2014 clarifies business focus areas as those aimed at expanding stable earnings, those aimed at expanding earnings and adapting to structural shifts, and those that will provide future growth. The success of Medium-term Management Plan 2014 will be crucial in determining our ability to make significant progress in the future. Three years is not much time.

We are totally committed to achieving the objectives of our management plan because we can only transform ourselves through progress.

Executive Vice President, Business Group
Shigeki Dantani

Machinery Division

Summary of Performance under Shine 2011

Under Shine 2011, the Machinery Division focused on restructuring to restore its earnings foundation in a challenging operating environment amid the global recession. As a result, sales and profits exceeded targets in the final year of the plan.

In the automotive business, which posted a considerable loss in the year ended March 31, 2010 and was the main factor in the first operating loss ever for the Machinery Division, we concentrated on enhancing risk management with measures including optimization of inventory levels, meticulous control of gross risk exposure and hedging of currency risk. Owing to the success of these measures, the automotive business restored its earnings foundation to the point where it boosted the division's profits in the year ended March 31, 2012.

Hyundai dealer in Thailand

In the overseas independent power producer (IPP) business, which stepped up active investment, we received orders for three large projects in Saudi Arabia and Oman. In addition, we received orders for fertilizer plants in Turkmenistan, the Republic of Tatarstan in Russia, and in Angola (early work), as well as for large-scale steel plants in China and India. The overseas IPP business promises to provide stable returns over the long term.

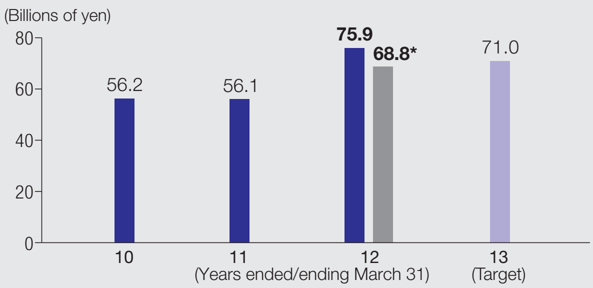
In the marine business, weak market conditions had a substantial impact on results, but we continued to focus on ship-owning, newbuilding and second-hand ship trading. New initiatives included an investment in a manufacturer of ballast water treatment systems. In the aircraft business, we worked to secure earnings in our sales representative business and to strengthen our operations in the promising growth areas of business jets and components.

In the IT business, we acquired shares of former equity-method affiliate SAKURA Internet Inc. by a tender offer in March 2011 and made Nissho Electronics Corporation a wholly owned subsidiary in March 2012. These and other initiatives positioned the Sojitz Group's information and communication technology (ICT) business for further growth. In April 2011, the Environment & Urban Infrastructure Development Office was established under the direct control of the Machinery Division. It will contribute to the creation of smart city infrastructure through initiatives in four business areas: smart cities, water, renewable energy and transport.

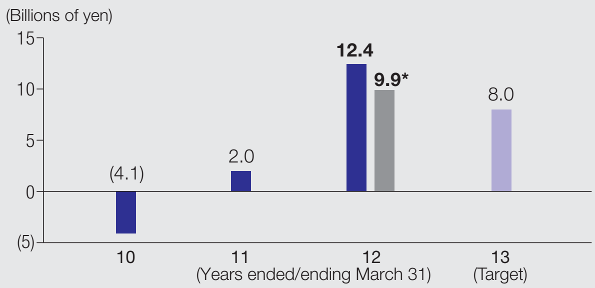
Strategies of Medium-term Management Plan 2014 – Change for Challenge

In Medium-term Management Plan 2014, we will carry out further restructuring to build a stable

Gross Trading Profit



Ordinary Income (Loss)

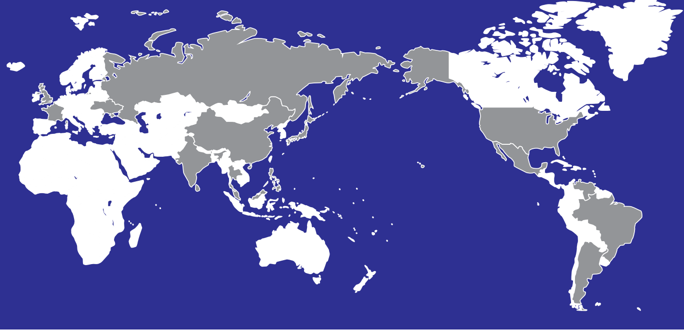


* Results for the 12 months ended March 31, 2012, excluding the results of significant overseas consolidated subsidiaries for the period January–March 2011

Main Businesses

- Automotive Unit
- Infrastructure Project & Industrial Machinery Unit
- Marine & Aerospace Unit
- Environment & Urban Infrastructure Development Office/IT Business Department

Distribution of Main Subsidiaries



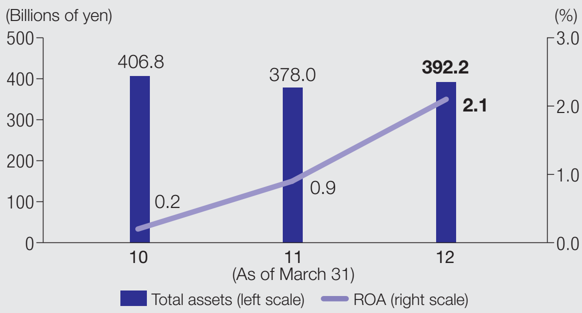
earnings foundation. While improving asset efficiency across the board and aggressively reallocating assets, we will steadily make new investments and loans for future growth as planned. In undertaking new investments and loans, we will focus not just on investment return, but on building a new business model that allows us to fully leverage our functions and expertise to generate sustained earnings from operation, maintenance and other support services after making the initial investment.

Overseas IPP, renewable energy production and infrastructure improvement are three of the business focus areas in Medium-term Management Plan 2014. In the overseas IPP business, we expect the projects in Saudi Arabia and Oman to begin contributing to earnings in the years ending March 31, 2014. In addition to obtaining these revenues as planned, we aim to receive new large-scale orders by increasing the number of professional staff with knowledge of finance and the IPP business and strong skills in areas such as project organization. In the renewable energy production business, we are concentrating on solar power generation, which features high liquidity and allows Sojitz to apply its strengths in a value chain that encompasses the supply of raw materials and components. Aiming for future growth in the infrastructure improvement business, we plan to target transportation systems and other areas that offer good potential for synergy with our transport business. In the water business, we are already making inroads in Africa and will consider advancing into operation and maintenance, which offer potential for expansion.

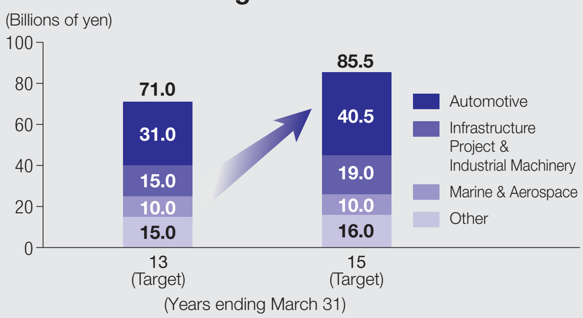
IPP project in Saudi Arabia (plant under construction)

In the core automotive business, we will use our solid relationships with longstanding partners in the automotive manufacturing industry in Japan and overseas to increase our market share in Russia and the NIS and Asia, while taking on the challenge of managing operating companies that will drive revenues by handling vehicles of emerging overseas manufacturers. In our traditional marine and aircraft businesses, we will quickly reallocate assets and launch initiatives in areas such as biofuels and environmental equipment sales to build the foundation for future earnings. In the IT business, Nissho Electronics Corporation will cooperate with Group companies Sojitz Systems Corporation and SAKURA Internet Inc. to secure stable earnings by creating an ICT value chain that leverages the Sojitz Group's wide-ranging networks as a general trading company.

Total Assets and ROA



Medium-term Management Plan 2014 Gross Profit Targets



Machinery Division: Review of Operations

Automotive Unit

Businesses

- Completely built-up (CBU) vehicle export; local vehicle assembly, manufacturing and sales; wholesale and retail; component and tire exports; automotive equipment and engineering

Automotive Businesses

Sojitz is expanding its automotive business in fast-growing emerging countries where continued growth in automobile demand is expected, such as Russia and the NIS, and the countries of the ASEAN region and Latin America. In addition to the brands it currently handles, the Automotive Unit will take on the challenge of managing operating companies that will drive future revenues by handling vehicles of emerging overseas manufacturers through strategic partnerships.

Headquarters of Hyundai de Puerto Rico


Hyundai dealer in Thailand

Sales are strong in most of the markets we cover, driven by worldwide growth in automobile sales. In particular, Russia's new vehicle market, which grew 39% to 2.65 million vehicles in 2011, is expected to maintain momentum and reach 3 million vehicles in 2012. To keep pace with this growth, Sojitz will work to further expand its customer base by introducing a series of new models. At the same time, we will focus on increasing our market share through branding activities.

On the other hand, the operating environment remains unpredictable due to factors including the European debt crisis. In these conditions, Sojitz will further deepen and increase the sophistication of its management of risk exposure to ensure steady earnings and establish an optimal business portfolio. To ensure stable earnings going forward, Sojitz will also recruit and develop management talent at its key operating companies overseas.

Infrastructure Project & Industrial Machinery Unit

Businesses

- Power (EPC and equipment supply, investment)
- Plants (steel, fertilizer, chemical, energy)
- Industrial machinery and production systems (surface mounters, bearings, equipment related to the environment and new energy, etc.)

Power Business

Sojitz participates in power generation projects in Vietnam, Mexico, Sri Lanka and other countries. Since 2010, we have won three successive orders for large-scale projects to build natural gas-fired power plants: Riyadh PP11 (1,720MW) in Saudi Arabia, and Barka 3 (744MW) and Sohar 2 (744MW) in Oman. With these and other projects around the world, we are forming power generation assets that are expected to provide steady earnings. We will continue to actively seek new orders with a focus on regions such as Southeast Asia and the Middle East. In addition, we will undertake business in engineering, procurement and construction (EPC) and equipment supply for power facilities through tie-ups with optimal partners, while providing added value such as arrangement of financing.


Construction is proceeding rapidly at Barka 3, with completion targeted in April 2013.

Plant Project Business

Sojitz handles large plants, primarily in the steel, fertilizer, chemical and energy sectors. Principal markets include China, Asia, Russia and the NIS and Africa.

In the year ended March 31, 2012, we received orders for major steel plant projects from Tata Steel in India, Wuhan Iron and Steel (Group) Corporation in China, and in Taiwan. We also won a front-end engineering design contract for a large-scale petrochemical plant in Russia, and entered into early work agreements for large-scale fertilizer plants in Angola and Nigeria. Such large-scale projects in Africa, and effective resource utilization projects in Russia and Turkmenistan that are currently being executed mainly through our representative office in Ashgabat, Turkmenistan, will further strengthen the Sojitz Group's plant business in growth markets.

Industrial Machinery and Bearing Business

In the industrial machinery and bearing business, Sojitz is pursuing earnings expansion with two main growth pillars. In the semiconductor and mounting markets, we are accelerating global expansion primarily through our sales and service bases outside Japan. In the bearing business, we are further expanding into growth markets based on our network of product sales dealers and bearing parts supply chain infrastructure.

Marine & Aerospace Unit

Businesses

- Commercial aircraft sales representative for The Boeing Company, Bombardier Inc., etc.; defense equipment agency and sales; business jets
- Newbuilding, second-hand ships, ship chartering, ship equipment sales; ship owning

Aerospace Business

Sojitz is the sales representative in Japan for Boeing, Bombardier and other major aircraft manufacturers, and has the top domestic share in handling sales of commercial aircraft. We also offer business jet services throughout Asia, including flight operation services and charter flight sales, in cooperation with Aviation Concepts Inc., a company in which Sojitz has invested.

In the year ended March 31, 2012, we delivered a total of 23 aircraft to major Japanese airlines, including the first state-of-the-art Boeing 787 Dreamliner and the Boeing 777. We plan to further grow sales in the agency business, and reinforce our presence in growth areas such as business jets and aircraft parts.

Boeing 787 Dreamliner

Marine Business

The strength of our marine business is its ability to provide one-stop services encompassing maritime and shipbuilding fields from sales of ship equipment and materials to newbuilding, second-hand ships, ship chartering and ship owning.

In the year ended March 31, 2012, in the ship-owning business, we sold three ships and completed newbuilding of three ships. In the equipment business, we went beyond trading to carry out proactive business initiatives including investment in a ballast water treatment system manufacturer. We will continue to replace our own ships (assets) to maintain constant returns. In the marine and ship charter brokerage businesses, we will broaden our scope and expand sales of related equipment under the “eco” banner.

Environment & Urban Infrastructure Development Office / IT Business Department

Businesses

- Environment & Urban Infrastructure Development Office: Transportation infrastructure, renewable energy, water, smart city-related business
- IT Business Department: Network and system construction, IT outsourcing, BPO services, data center services (cloud, hosting, housing), smart grid-related business

Environment & Urban Infrastructure Business

With the global population now over 7 billion, a balance between economic growth and the environment is needed in order to realize sustainable societies. Attention is focusing on environmentally friendly infrastructure in considering how to resolve various issues. To address these needs with multiple and diverse approaches, Sojitz established the Environment & Urban Infrastructure Development Office in April 2011. This new office seeks to establish and manage the infrastructure of a low-carbon, recycling-oriented society in order to produce new sources of wealth.

24MW solar power plant in Germany

The office was active in its first year ended March 31, 2012, with initiatives including investment in a mega-solar power business in Germany. In concert with the Japanese government's package infrastructure export strategy, the office is actively cooperating with domestic and overseas partners to develop businesses such as solar power and other renewable energy, water, railway infrastructure development and transportation businesses that contribute to reducing CO_2 emissions, and smart city development.

IT Business Department

In today's world, information technology (IT) is vital in both business and in daily life. Companies of all kinds use IT to search for new growth potential. Sojitz proposes solutions that help corporate clients achieve new IT-driven growth and provides optimal IT services in cooperation with its subsidiaries Nissho Electronics Corporation, Sojitz Systems Corporation and SAKURA Internet, Inc.

In the year ended March 31, 2012, SAKURA Internet opened Japan's largest environmentally friendly data center in Ishikari City, Hokkaido, and Nissho Electronics established a subsidiary in Vietnam. The IT Business Department will pursue rapid growth by providing cloud-related services primarily via data centers, expanding overseas with a focus on Asia, and increasing its presence in new business areas including smart grids.

Ten Declarations

03

from Toshihiko Kita,
President, Machinery Division

"We will concentrate resources in models, steadily accumulating quality a step-by-step approach to creating of stable earnings."

Conditions in the Machinery Division's markets changed completely following the financial crisis of 2008, and were challenging from the start of Shine 2011. During the three years of Shine 2011, the division worked diligently to implement structural reforms through united efforts. We were able to lay the cornerstone for growth as a result of committed efforts that included improving the sophistication of risk management, rationalizing inventory levels and reforming our earnings base. Decisive structural reform allowed the division to overcome the most challenging conditions since its founding. This gave us the confidence that will be our biggest strength in pursuing greater achievements that lie ahead.

On the other hand, the major issue currently facing the division is that it has few sources of stable earnings. Building a stable earnings foundation will increase our resilience to changes in the operating environment and the likelihood of achieving the targets of Medium-term Management Plan 2014. We will dedicate ourselves to dealing with these issues under Medium-term Management Plan 2014 by rigorously employing selection and focus in assessing asset quality to build up a potent earnings foundation. Inaction causes assets to deteriorate, while business models with no prospects sap the vitality of the organization. Embracing a medium-to-long-term perspective, we will move forward with asset replacement even for assets and businesses that are providing a short-term boost to earnings. We will concentrate resources in the business focus areas of overseas IPP, renewable energy production

promising business
assets in
sources

and infrastructure improvement as well as in promising visionary businesses in a division-wide effort to create sources of stable earnings. We intend to continue taking on the challenge of continuous structural reform to build a bright future.

A trading company is only as good as the people it employs. In uncertain economic conditions, an organization must be able to reform itself and adapt to change to compete globally. Moreover, highly specialized teams and people are without doubt the key to success in creating a potent earnings foundation. We aim to make the Machinery Division a growth driver for Sojitz by bringing together the capabilities of Group companies and all division employees to steadily accumulate superior assets, step by step.

Managing Executive Officer
President, Machinery Division
Toshihiko Kita

Energy & Metal Division

Summary of Performance under Shine 2011

Under Shine 2011, the Energy & Metal Division made a number of new investments and loans while reallocating assets. This approach enabled solid results in both earnings and portfolio optimization.

During Shine 2011, steady returns from investments conducted before Shine 2011 and profits from the trading business, supported by growing demand in emerging countries, contributed to the performance of our division. Even with the impact of the global financial crisis that occurred just before the start of Shine 2011, net income was consistently between ¥20 billion and ¥30 billion. We view this as evidence of the division's stable earnings foundation.

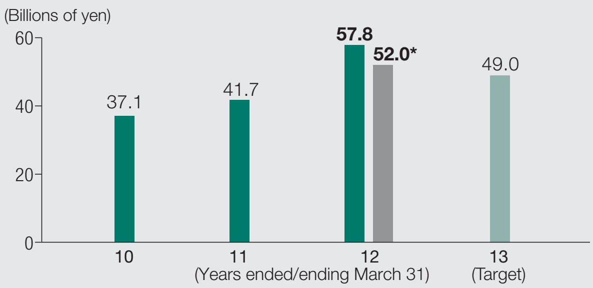

Minerva Coal Mine in Australia

Investments in upstream interests including coal, oil and gas, rare metals and other resources were carried out as planned. As a result of these investments and loans, some projects have started production, while others have accomplished their expansion work. Our investment in the Minerva Coal Joint Venture in Australia is especially noteworthy. Not only did we increase our stake to 96%, dramatically boosting our equity share of production from mining interests, we became one of the few trading companies to assume control of coal mine operations. This project is also promising as a new form of business investment because the operational expertise we accumulate from running the coal mine will allow us to create future opportunities to develop competitive coal mines.

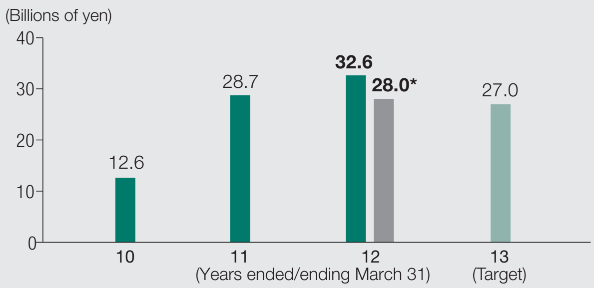
Moreover, we succeeded in concluding an investment in the rare metals business, which has significant meaning in terms of enhancing profits and market position. With this investment, one of our largest ever, we acquired a stake in the world's leading producer of niobium and also entered into a long-term supply agreement. Most recently, in the year ended March 31, 2012, we successfully completed the expansion of Worsley Alumina Refinery and Endako Molybdenum Mine, and also acquired new upstream assets of oil and gas and coal including the Codrilla Coal Mine.

On the other hand, we conducted asset compression in a total of 10 major businesses through sale of shares and interests and withdrawal over the last three years, including the sale of shares of an Australian coal company in the year ended March 31, 2010. By reviewing investment objectives and future profitability based on changes in the market environment, we were able to reallocate assets in a timely and effective manner. This has led to steady improvement in our earnings portfolio.

Gross Trading Profit



Ordinary Income



* Results for the 12 months ended March 31, 2012, excluding the results of significant overseas consolidated subsidiaries for the period January–March 2011

Main Businesses

- Energy Unit
- Coal & Nuclear Unit
- Steel & Mineral Resources Unit

Distribution of Main Subsidiaries

Strategies of Medium-term Management Plan 2014 – Change for Challenge

Our strategy under Medium-term Management Plan 2014 is to improve asset efficiency and strengthen the earnings foundation with a focus on both investment and trading business. We will continue to accumulate prime assets and enhance trading activities while generating steady profits from our investment portfolio.

Coal is one of our business focus areas, and we plan to further develop it as a core business. In the year ended March 31, 2012, we expanded our equity share of production from coal interests to 7 million tons. That figure is expected to increase to 10 million tons by March 31, 2015, primarily from investments and loans made during Shine 2011. For the expansion of our equity share of production and trading volume, we will steadily build our prime assets by drawing on our networks and business expertise.

Bioethanol plant of ETH Bioenergia S.A.

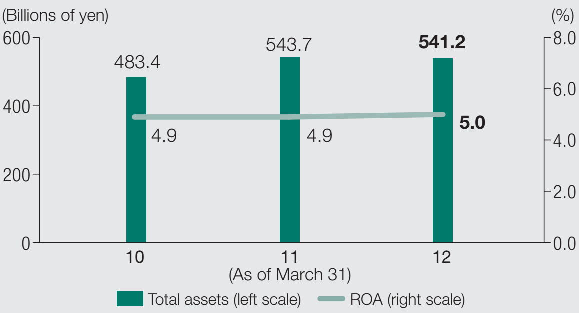
In the rare metals business, the investments in molybdenum and niobium during Shine 2011 will begin contributing fully to earnings in the fiscal year ending March 31, 2013. While steadily generating returns from these investments, we will continue to increase earnings through expansion of our trading business channels. In the iron ore business, we will focus on developing iron ore mines to establish a new foundation for earnings in addition to imports into Japan, our traditional strength. We will concentrate first on the ongoing development of an Australian iron ore mine in which we own project stake through our subsidiary.

In the energy business, we will strengthen our initiatives in the LNG business in response to a shift in energy demand in Japan. We will also pursue unconventional shale oil and gas projects in the United States.

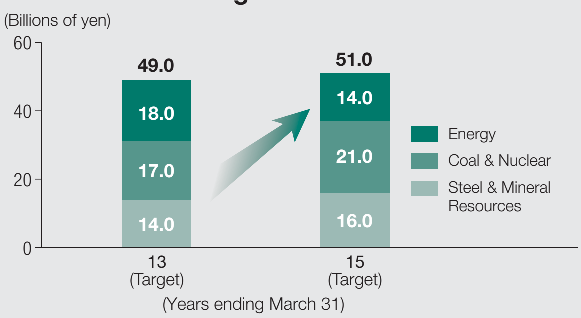
In the new energy and environment business, we will work to stabilize operations and enhance profitability of the industry's largest bioethanol producer in Brazil.

As we work to build these assets, we will carefully manage our balance sheet with a focus on enhancing our risk management capabilities and our ability to optimize asset efficiency. For that purpose, the Energy & Metal Division was the first at Sojitz to set up a Controller Office in April 2012. With this new organization, we will work to improve asset quality not only by analyzing the risk of new projects, but also by consecutively monitoring the profitability, asset efficiency and risk of existing investments and loans and our trading business.

Total Assets and ROA



Medium-term Management Plan 2014 Gross Profit Targets



Energy & Metal Division: Review of Operations

Energy Unit

Businesses
- Oil, natural gas, LNG, light oil, heavy oil and jet fuel
- Biofuels (bioethanol, bio-ETBE, etc.)

Oil, Natural Gas and LNG Business


Floating production unit on the Phoenix Oil Field in U.S. Gulf of Mexico

In the oil and natural gas business, Sojitz is involved in upstream, midstream and downstream areas, from investment to trading and retail. In the upstream sector we have regionally balanced sources of earnings, with interests in diverse regions including the British North Sea, the U.S. Gulf of Mexico, Qatar, Gabon, Egypt and Brazil. In addition to our existing interests, we are also working to acquire interests in unconventional shale oil and tight oil in the United States, as well as oil and gas fields in Africa and other emerging regions, by closely examining the reserves and development risks. We will continue moving to acquire quality interests while reallocating assets.

In the LNG business, we are participating in large-scale LNG projects through LNG Japan Corporation, including Tangguh LNG in Indonesia and Ras Laffan LNG in Qatar. While monitoring demand trends in Japan and worldwide, we will consider participation in LNG projects in North America, Africa and other regions where we expect cost competitiveness as a result of low gas acquisition costs.

Biofuels Business

Sojitz conducts a sugar cane-based bioethanol and crude sugar production business in Brazil. It is one of the largest projects in Brazil integrating the cultivation of sugar cane and the production and sale of bioethanol and sugar. This business operates in an environmentally friendly manner by using sugar cane residue (bagasse) for electric power generation and re-using wastewater from the production process. With a total of nine mills operating, including new mills with modernized facilities that began operating in December 2011, the business aims to achieve a 5% to 10% share of sugar cane crushing volume in Brazil by 2021.

Coal & Nuclear Unit

Businesses
- Coal (thermal coal, PCI coal, coking coal)
- Nuclear fuel cycle services and nuclear equipment

Coal Business

Sojitz's coal business is based on imports for steel mills, electric power companies and general industries in Japan. In addition, we acquire overseas mining interests and conduct offshore trade. As the leading importer of coal from Russia and Indonesia, we are working to expand sales volume into Japan from these countries. We are also focusing on meeting demand outside Japan through our local sales affiliates, such as in China, where demand is particularly strong. Our investments in upstream concessions are primarily in Australia and Indonesia. Sojitz was the first Japanese company to invest in a coal mining company in Indonesia in the 1980s. In Australia, we are enhancing our capabilities in mine operation by independently operating the Minerva Coal Mine, in which we hold a 96% interest. In addition to improving investment income, this will allow us to acquire operational expertise, which we will use to create future opportunities to develop competitive coal mines. We are also eyeing business development in Mongolia, Africa and Russia, with the aim of increasing our trading volume of coking coal.


Minerva Coal Mine in Australia

Nuclear Power Business

Since the 1970s, Sojitz has served as the sole distributing agent in Japan for France's Areva NC, the world's top integrated nuclear fuel cycle company. We provide a full range of services to Japanese electric power companies. We also support overseas reprocessing of spent nuclear fuel. Other operations include the sale of equipment, fuels and materials related to nuclear power plants through a subsidiary. We will continue to expand the scope of our nuclear energy-related business in collaboration with the Areva Group. On April 1, 2012, the nuclear energy business and coal business were reconfigured as the Coal & Nuclear Unit to leverage organizational synergies and further enhance services to electric power companies.

Steel & Mineral Resources Unit

Businesses

- Rare metals (molybdenum, niobium, vanadium, tungsten, etc.)
- Iron ore, iron ore pellets, hot briquetted iron
- Industrial minerals (fluorite, zircon, etc.)
- Silicon metals
- Steel products
- Non-ferrous metals (alumina, copper concentrates, copper, etc.)

Ferrous Materials & Steel Products Business

Sojitz engages in the steel industry, a key industry, by supplying ferrous materials and trading steel products.

Over the years, Sojitz has built strong relationships with Japanese steel mills through the import of iron ore, especially as a leader in bringing iron ore from Brazil to the Japanese market. These relationships have extended from the iron ore import business to a joint investment partnership in an iron ore pellet manufacturing business in Brazil. Going forward, we will expand sales of iron ore not only to Japan, but also to China and other countries where demand is increasing. Moreover, a feasibility study for an iron ore mine development project in Western Australia we acquired in 2007 is now in the final phase. We plan to start production as early as 2015, pending final investment approval.

Our auxiliary materials business encompasses mainly rare metals and other ferroalloys and industrial minerals. We led the industry in investment in the ferroalloys business in the 1990s, and now have mining interests in seven minerals, including molybdenum, nickel and niobium, in widespread locations such as Canada, the Philippines and Brazil. We have thus built a portfolio of mining interests that is balanced in terms of both mineral type and region. The industrial minerals business is an area of strength for Sojitz. We maintain a significant share in the market for titanium materials, fluorite and other industrial minerals in Japan and Asia, and we also supply auxiliary raw materials used to make refractory products.


Araxá Factory of Companhia Brasileira de Metalurgia e Mineração in Brazil


Endako Molybdenum Mine in Canada

During the year ended March 31, 2012, in the ferroalloys business, an expansion project at the Endako Molybdenum Mine in Canada was completed. In the industrial minerals business, we expanded and enhanced auxiliary raw material supply sources and became the first Japanese trading company to participate in a lime production business in China. With these and other activities, we will continue to acquire additional prime interests while reallocating assets.

In the steel products business, Sojitz conducts domestic and overseas sales through Japan's largest integrated steel trading company Metal One Corporation, a joint venture owned 40% by Sojitz and 60% by Mitsubishi Corporation. While maintaining and expanding this sales network, Sojitz will continue to build a global value chain by further expanding trading of steel products for the energy industry and overseas through stronger collaboration between the steel products business and our other businesses.

Non-Ferrous Metals Business

Sojitz's non-ferrous metals business conducts trading of alumina, copper, zinc and other non-ferrous metals. We also have upstream investments in bauxite, alumina and copper interests. In particular, we have a 9% interest in Worsley Alumina Refinery, a joint venture in Australia with BHP Billiton, the world's largest resource firm. To meet growing demand for alumina, refining capacity at Worsley Alumina has been expanded to 4.6 million tons per year. In 2010, Sojitz acquired a 25% interest in the Gibraltar Copper Mine in Canada jointly with Furukawa Co., Ltd. and DOWA Metals & Mining Co., Ltd. An expansion project is currently under way, with plans to increase annual production capacity to 80,000 tons in mid-2013 from the present 50,000 tons. In the copper mining business, Sojitz is also conducting copper exploration in Chile and Laos and taking steps to secure mining interests in the future.


Worsley Alumina Refinery in Australia

Ten Declarations

04

from Masahiro Komiyama, President, Energy & Metal Division

"I aim to build an organization that is earnings by keeping in mind the social and consistently supplying resources

First and foremost, enhancing shareholders' equity under Medium-term Management Plan 2014 requires that all businesses steadily generate earnings. To achieve this, we plan to improve asset quality in both trading and investment and loan initiatives. Specifically, we will increase earnings from the distribution and trading of products obtained from prior investments, raise overall operating efficiency, and select truly competitive projects to build superior assets through reallocation of existing assets.

Sojitz competes for the top global position in various product areas, whether thermal coal or rare metals, as a result of years of continuous investment through which we have reinforced our strengths. Under Medium-term Management Plan 2014, we will prioritize the allocation of corporate resources to the business focus areas of coal and iron ore mine development. In addition, we will make investments and loans predicated on asset reallocation to acquire selected prime assets in other areas in which we can further exercise our strengths.

In our trading business, we will steadily generate earnings by accurately gauging demand of our customers and partners, with whom we have built strong relationships over our long history. Our focus for trading includes steady sales of coal, niobium, molybdenum and other resources obtained from our investments during Shine 2011. Such trading activities will enable us to make our core earnings even more resilient to fluctuations in market conditions and exchange rates.

able to enhance value of securing to the market."

Securing and steadily supplying resources has important social significance, and I am honored to be part of this business. For the growth of our business, it is essential that we provide even greater value to our suppliers and users. Moreover, developing synergies with other products and other divisions will allow the value created through our business to spread globally.

As the President of the Energy & Metal Division, I encourage my staff to think about and clarify the significance and objective of their businesses so that we can build an organization where those thoughts are turned into forward momentum. By doing so, we are sure to achieve the targets of Medium-term Management Plan 2014 and to sustain the growth of Sojitz.

Managing Executive Officer
President, Energy & Metal Division
Masahiro Komiyama

Chemicals Division

Summary of Performance under Shine 2011

Under Shine 2011, the Chemicals Division concentrated on building strong value chains, making full use of its extensive network and expertise to shore up its earnings foundation.

As a result, we generated steady earnings growth driven by solid performance in our methanol, rare earths, industrial salt, plastics and other businesses despite a rapidly changing external environment. This performance was due to our success in meeting growing demand in Asia, including China. It also reflects our changing earnings structure and increased offshore trading, in which we connect overseas suppliers with overseas users.

Three business investments for further growth stand out as noteworthy achievements under Shine 2011 in this division, which focuses on the logistics business. One is our investment and participation in a marine chemical project in India that produces industrial salt and potash fertilizer. Sojitz plans to sell the industrial salt to growth markets in Asia and the Middle East. In the petrochemical field, we invested in a butadiene business in Brazil. Under a long-term (five and a half years) purchase agreement with Braskem S.A., the largest petrochemical company in South America, Sojitz will build a structure for providing a stable supply of butadiene, demand for which is expected to expand globally. As a leading supplier in the rare earths business, Sojitz invested in and provided a loan to Lynas Corporation of Australia, which will enable us to provide a stable supply of rare earths to the Japanese market for 10 years. These investments have expanded our supply sources, and thus have considerable significance from the standpoint of building our business foundation to increase overseas trading.

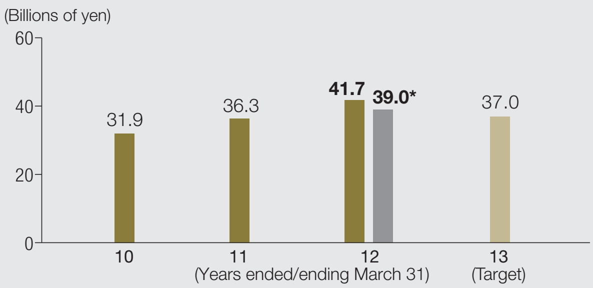
Industrial salt business in India

Strategies of Medium-term Management Plan 2014 – Change for Challenge

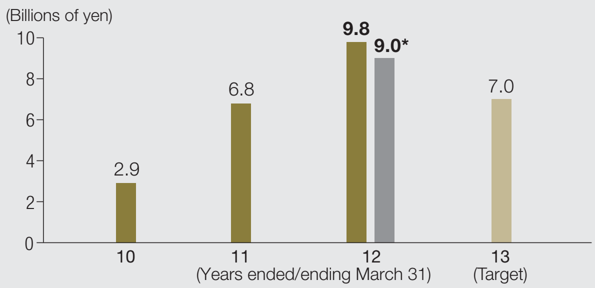
Under Medium-term Management Plan 2014, the Chemicals Division will accelerate globalization of its business to respond to changes in markets and customers. By reinforcing areas where we have an advantage, including making upstream business investments, we will build even stronger value chains and create a robust earnings foundation.

Our priority will be to steadily and quickly obtain returns from business investments. We are currently expanding industrial salt production from our original target of 2 million tons and plan

■ Gross Trading Profit



■ Ordinary Income

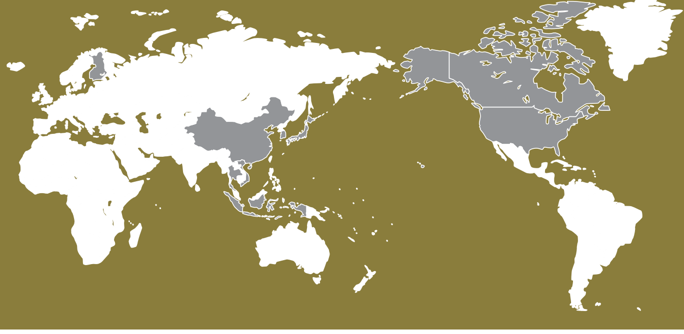


* Results for the 12 months ended March 31, 2012, excluding the results of significant overseas consolidated subsidiaries for the period January–March 2011

Main Businesses

- Chemicals Unit
- Ecological Materials & Resources Unit
- Life Science Business Development Office

Distribution of Main Subsidiaries



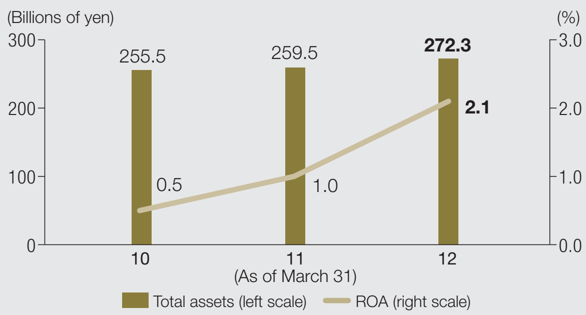
to ship 3 million tons in the first half of the year ending March 31, 2014. Based on these shipments, we plan to further increase production to 5 million tons as quickly as possible to build a strong value chain in which Sojitz can deploy its strengths. In Australia, phase 1 construction of a rare earths concentration plant has been completed, providing Sojitz with a supply of about 3,000 tons annually. Phase 2 construction has begun, with completion scheduled in the second half of 2013. Once phase 2 is up and running, we will have the infrastructure in place to sell 9,000 tons of rare earths annually. This business investment also gives us a foothold for possible advancement into other areas such as rare earths processing and alloy manufacturing, and even production of heavy rare earths.

In Medium-term Management Plan 2014, Sojitz has designated methanol, lithium and basic petrochemicals as business focus areas. Methanol is one of our core products. We own Asia's largest methanol plant in Indonesia, and intend to build a new methanol plant of a similar scale. Lithium is a highly promising business area, with strong growth anticipated in the lithium battery market. We are currently the distributor for a major U.S. lithium chemical manufacturer, but we plan to collaborate with partners such as this company to enter the lithium manufacturing business and undertake other initiatives. In the basic petrochemicals business, we will cooperate with partner Braskem in the butadiene business and other areas to commercialize higher-value-added butadiene derivatives such as high-performance resins and synthetic rubber.

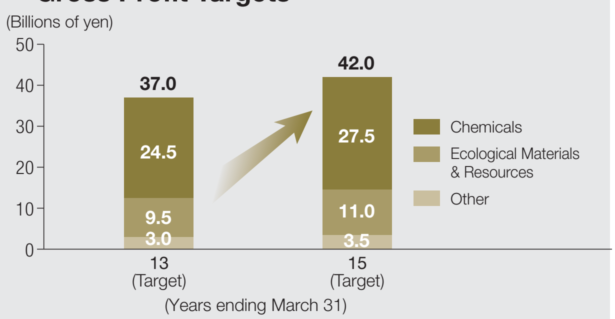
Methanol manufacturing facilities in Indonesia

To support the effective implementation of these initiatives, in April 2012 the Chemicals Division changed from a product-based to a business channel- and market-based organization. In addition, we established the Life Science Business Development Office to develop new businesses. The office will incubate future strategic businesses, including green chemicals, agrichemicals, which draw on Sojitz's strengths in the fertilizer business in Asia, and life care (support for developing health care infrastructure) in emerging countries.

Total Assets and ROA



Medium-term Management Plan 2014 Gross Profit Targets



Chemicals Division: Review of Operations

Chemicals Unit

Businesses

- Methanol, solvents, liquid chemicals, high-performance resin monomers, butadiene, phenol and feedstock for resins and synthetic fibers

Methanol Business

Methanol is used in a wide range of fields as a chemical raw material in products such as adhesives, synthetic fibers and high-performance plastics, and in applications for fuels such as LPG and biodiesel. Fuel applications are expanding rapidly, especially in China, where demand for gasoline additives is increasing. Also driving demand is a new process for synthesizing olefins, which are basic chemical raw materials, from methanol.

Methanol manufacturing facilities in Indonesia

Sojitz has an 85% stake in the Indonesia-based methanol manufacturer PT. Kaltim Methanol Industri (KMI). In addition to offtake from this company, Sojitz procures methanol from the market and sells it primarily to customers in Asia. Located in proximity to growing Asian markets, KMI is highly rated among customers for its capabilities, including the ability to make deliveries in a short time and in flexible lot sizes. Sojitz is enhancing its presence in the Asian market with a combination of KMI's products and externally procured products, and is also using its methanol sales and distribution capabilities to expand sales of other liquid chemicals.

Sojitz plans to launch another methanol manufacturer following KMI in a region where it can secure competitive raw materials to meet demand in future growth markets.

Ecological Materials & Resources Unit

Businesses

- Rare earths/lithium, aluminum hydroxide, industrial salt, graphite, cellulose materials, high-performance nonwoven cloth, raw materials for paint, liquid crystal, display materials, carbon fiber and LED materials

Rare Earths Business

Rare earths are used in a variety of products that are becoming increasingly popular with the shift to a low-carbon society, including automotive exhaust catalysts and high-performance motors for hybrid cars and energy-saving home appliances. With other applications in high-performance products such as mirrorless single-lens reflex cameras and phosphors, rare earths have become crucial materials for Japanese industry, and demand is increasing every year. However, rare earths production is heavily dependent on China, which controls more than 97% of the world's supply. Consequently, the supply of rare earths has become a global issue in recent years, as illustrated by the rare earths panic of 2010.

Sojitz has maintained relationships with rare earths suppliers in China for more than 40 years, allowing it to provide stable supplies. At the same time, in pursuit of new supply sources, Sojitz and Japan Oil, Gas and Metals National Corporation (JOGMEC) jointly invested in and provided a loan to Australian rare earths developer Lynas Corporation Limited. Concurrently, Sojitz signed an exclusive long-term procurement contract giving it the right to receive from Lynas a minimum allocation of 8,500 tons (plus or minus 500 tons) per annum of rare earths for Japan, which represents 30% of current Japanese consumption, over a period of ten years. We are also putting efforts into recycling rare earths, including investing in a company in the rare earths recycling business. By securing supplies of rare earths with our stable procurement from China and other countries, resource recycling and other initiatives, we will contribute to the development of the rare earths industry.

Lynas Corporation's rare earths concentration plant (top) and Mount Weld Mine (bottom) in Australia

Life Science Business Development Office

Businesses

- Import and export of agrichemical intermediates, raw materials and finished products; export of catalysts; import of high-performance resin monomers;
- Import and export of pharmaceutical intermediates, active pharmaceutical ingredients (APIs) and pharmaceuticals; planning, development and sales of cosmetics

Industrial Salt Business

As basic raw materials essential to many industries, caustic soda and chlorine produced using industrial salt have an array of applications. Caustic soda is used in a wide range of industries, including paper and pulp, chemical fibers and alumina refining. Chlorine is applied in various chlorine derivatives such as sodium hypochlorite used to disinfect tap water, PVC resin raw materials and urethane raw materials. The main markets for the industrial salt Sojitz supplies are the Far East (primarily Japan), China, Southeast Asia, and the Middle East. Strong demand is expected in these markets over the medium to long term.

Salt stocks in India before shipment

Sojitz handles industrial salt (solar evaporated salt) produced in India and Australia, and has a leading share among trading companies in the Japanese market. Annual production of solar evaporated salt fluctuates with the weather, but we have multiple sources, which enables us to spread the climate risk inherent in procurement and ensure a stable supply to users.

To maintain stable procurement to meet brisk market demand, we invested in new solar evaporation ponds in India in 2011. In addition to doubling the volume we handle, this will allow us to apply the production, distribution and marketing knowledge we have gained in the salt business over many years to expand our supply to markets where we anticipate further growth.

Life Science Business

The Life Science Business Development Office was established in April 2012 to start up new businesses primarily in the areas of green chemicals, agrichemicals, health care and cosmetics.

Green chemicals: With resource depletion and environmental problems caused by population growth making headlines, attention is focusing on manufacturing chemical products and plastics from plants, a renewable resource. Sojitz is preparing for the advent of a new green society by replacing conventional chemicals with biobased chemicals (green chemicals).

Agrichemicals: Worldwide food demand is expected to increase dramatically. Given this situation, Sojitz is aiming to expand and create agrichemical businesses in Asia, which is experiencing rapid population growth.

Health care: In addition to its existing pharmaceuticals business, Sojitz is undertaking various peripheral businesses that perform services outsourced from hospitals to support the creation of better health care environments and communities.

Cosmetics: Low barriers to entry in the cosmetics industry have led to a steady influx of companies from other sectors, particularly chemical and pharmaceutical manufacturers. At the same time, rapid diversification in customer needs has resulted in intense competition.

Sojitz Cosmetics Corporation seeks to contribute to society by developing cosmetics that satisfy customers and by providing sincere service.

Sojitz Cosmetics is not a manufacturer with research facilities and factories. Instead, it differentiates itself with planning and proposal capabilities. The company's strengths are its ability to utilize the raw material procurement know-how of the Sojitz Group and to leverage synergies with diverse business partners, including raw material suppliers and cosmetics manufacturers. Since 2010, Sojitz Cosmetics has been expanding its business scope with initiatives such as direct sales, mainly through the Internet, and entry into overseas markets.

Chronorest, a new product of Sojitz Cosmetics Corporation

Ten Declarations

05

from Satoshi Mizui,
President, Chemicals Division

"We continue to make internal we boldly shift our focus overseas of steady growth."

Under Medium-term Management Plan 2014, the Chemicals Division remains responsible for supporting Sojitz Group earnings by continuing to generate stable earnings.

The Chemicals Division requires internal reforms because it needs to remain stable and steady. We must continuously improve asset efficiency to accumulate the internal capital resources that will drive steady growth, while constantly strengthening value chains as we adapt and evolve ahead of our rapidly changing markets and customers.

In Medium-term Management Plan 2014, we will further enhance areas in which we are strong by fully deploying our advantages, including the solid relationships and networks we have built with our partners and customers over many years, and the sophisticated expertise we have accumulated through our businesses. We are currently investing aggressively in upstream businesses as part of our efforts to strengthen our value chains.

The key to developing our operations is not looking overseas from Japan, but understanding global markets with a global mindset. In short, we must truly globalize.

Our major corporate customers in Japan are also globalizing, and demand in emerging countries in Asia and elsewhere is certain to expand. To grow, we must have global networks of customers and partners and global value chains, and we must handle

reforms as
with the aim

globally competitive products. The upstream investments we made in businesses including industrial salt, rare earths and butadiene during Shine 2011 have put us on the right track. In Medium-term Management Plan 2014, we will concentrate on continuing these initiatives while boldly adding personnel overseas. Increasing personnel at overseas operations will further strengthen our global value chains, which in turn will necessitate more personnel overseas. The Chemicals Division will accelerate this cycle to continue building a broadly based global earnings foundation.

Managing Executive Officer
President, Chemicals Division
Satoshi Mizui

Consumer Lifestyle Business Division

Summary of Performance under Shine 2011

Under Shine 2011, the Consumer Lifestyle Business Division thoroughly analyzed the efficiency of assets and optimized inventories to solidify its footholds. Simultaneously, we made progress in transforming our earnings structure to create higher added value in line with our basic policy of "Grow, process, make and then sell." We aggressively executed a growth strategy based on three pillars: shifting from Japanese to overseas markets, shifting from trading to a business investment model, and securing upstream resources in the agriculture, forest products and marine products sectors. A strong revenue base is taking shape as a result.

New business investments included a compound feed production business in Vietnam and Cambodia; fish farming businesses (a bluefin tuna farm business in Takashima, Nagasaki Prefecture, and a shrimp farm in Indonesia); grain production in Argentina; a woodchip manufacturing business in Mozambique; and industrial park development businesses in Asia (Vietnam, India and Indonesia). Each of these businesses is run in cooperation with excellent business partners, with the aim of creating a new business model to drive the transformation of our earnings structure.

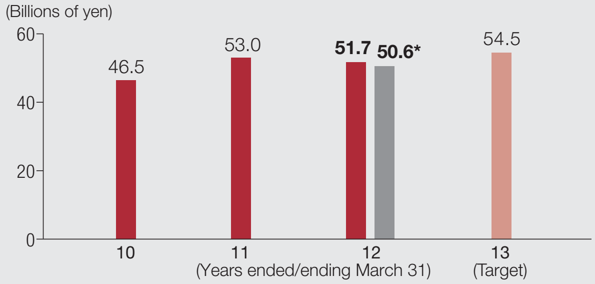

Soybeans produced by Sojitz in Argentina

In our overseas operations, we have also shifted staff outside of Japan. We reinforced our overseas businesses by sending about 20 additional people to overseas posts, mainly in emerging countries, including strategic staff responsible for project development and other tasks. Moreover, we assembled a cross-departmental task force targeting Africa, Indochina, Brazil and India. By uncovering new business opportunities, the task force established footholds for building quality assets in the future.

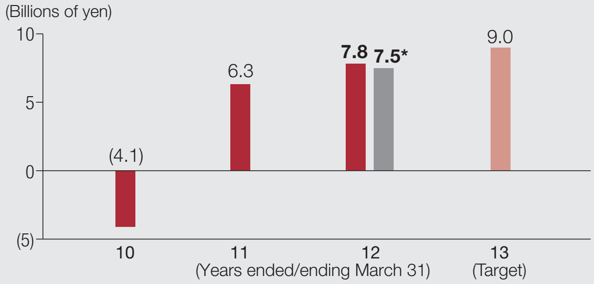
Strategies of Medium-term Management Plan 2014 – Change for Challenge

In Medium-term Management Plan 2014, we will maintain the same three directions we pursued in Shine 2011: shifting from Japanese to overseas markets, shifting from trading to a business development model, and securing upstream resources in the agriculture, forest products and marine products sectors. We will launch a new business model for business focus areas aimed at enhancing our ability to generate earnings over the medium-to-long term, while focusing on solidifying our business foundation by ensuring that existing key projects and projects in which we have invested are executed on schedule. At the same time, we will reduce assets and enhance liquidity by promoting withdrawal or

■ Gross Trading Profit



■ Ordinary Income (Loss)



* Results for the 12 months ended March 31, 2012, excluding the results of significant overseas consolidated subsidiaries for the period January–March 2011

Main Businesses

- Foods Resources Unit
- Agriculture & Forest Resources Unit
- Consumer Service & Development Unit

Distribution of Main Subsidiaries

divestitures in selected business areas through enhanced selection-and-focus initiatives.

In the Foods Resources Unit, we have a 20% stake in the port owned by Interflour Vietnam Ltd., one of the largest of its kind in the ASEAN region. We will use the port facilities as a base to expand our trading of grain in general and to strengthen operation of the first Japanese-owned compound feed production company in Vietnam, which we recently established. Commercial feed production in Vietnam is growing by about 10% annually as demand for meat increases. With the population projected to continue increasing, we believe this market has excellent growth prospects.

In the grain origination, storage and export terminal business, which is a business focus area, we will invest in country elevators and export terminals in grain-producing countries, enabling us to handle the entire supply chain from origination to sale. This will support our efforts to secure grain resources.

Flour mill, silos and port facilities of Interflour Vietnam Ltd.

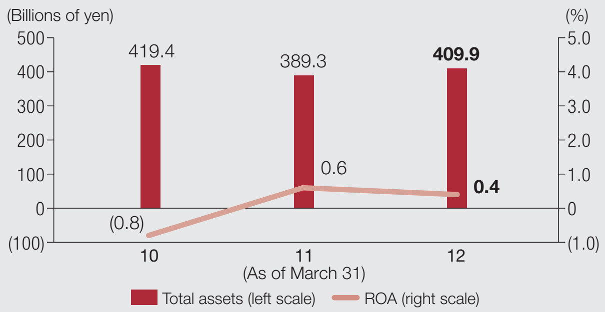
In the marine products business, we will build a value chain centered on the domestic bluefin tuna farming business. We are also undertaking shrimp farming business in Indonesia.

In the Agriculture & Forest Resources Unit, fertilizer is a business focus area. We will continue to concentrate on the manufacture and sale of high-quality compound fertilizers, a strong source of earnings for Sojitz in Asia, while initiating investments in upstream businesses. By securing upstream interests in high-quality, upstream compound fertilizer interests such as phosphorus and potash, we will reinforce the foundation of the fertilizer business, including existing businesses, and grow earnings. As for the agricultural business in Argentina, now in its third year, we will strengthen production and sales of grains, primarily soybeans, on 11,000 hectares of farmland. We will also establish a business model that includes expansion of farmland and undertake exports to Asian countries.

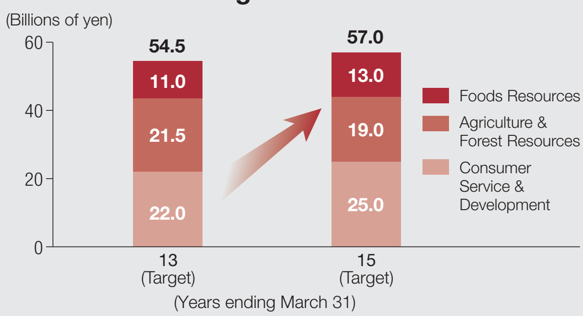
In the consumer service area, we acquired the additional shares of one of the largest food wholesale companies in Vietnam to make it our subsidiary in March 2012. Our objective is to build a solid business base on the retail market in Vietnam, which is projected to grow by more than 20% annually. In the overseas construction development business, delivery of lots is set to begin in the second half of 2012 at the industrial park we developed near Ho Chi Minh City. The park is attracting attention from Japanese manufacturers and other companies planning to set up operations in Vietnam.

We plan to develop new industrial parks in emerging countries such as India, where construction is scheduled to begin in 2013.

Total Assets and ROA



Medium-term Management Plan 2014 Gross Profit Targets



Consumer Lifestyle Business Division: Review of Operations

Foods Resources Unit

Businesses

- Grains and feed materials: Trading, domestic trading and sale and overseas production of wheat, corn, soybeans, rice, oil and fat, flour, pasture and compound feed; port operation, etc.
- Foods resources: Trading, overseas processing, and domestic trading and sale of sugar, coffee, seafood (tuna, shrimp, processed seafood, etc.), and general food products; fish farming, etc.

Grains and Feed Materials Business

Sojitz is investing in businesses to build a supply chain in the grains and feed materials business in the Asian market, which is benefiting from rapid economic growth. In Vietnam, we entered the flour milling business with an investment in Interflour Vietnam Ltd. (IFV), a leading Vietnamese flour milling company. We are also using IFV's specialized grain port, the ASEAN region's largest, as a distribution base to expand into the compound feed production business in partnership with Kyodo Shiryo Co., Ltd., a leading Japanese feed producer with original technology, in Vietnam, and with New Hope Liuhe Co., Ltd., China's largest feed company, in Cambodia.


Interflour Vietnam Ltd. flour mill

We are also engaged in more consumer-oriented businesses, including bread production in North America and Asia.

Foods Resources Business

The Sojitz Group's foods resources business is divided into three major categories: sugar and coffee, marine products, and food distribution. For sugar and coffee, we plan to focus on the development of project business as well as trading. In marine products, we handle domestic imports and sales of tuna and shrimp as well as overseas processing. We also operate fish farming businesses, including bluefin tuna in Takashima, Nagasaki Prefecture, Japan and shrimp in Indonesia, to help ensure the stability of food supply by addressing the rapid surge in global demand and tighter fishing restrictions.


Bluefin tuna farming operation at Sojitz Tuna Farm Takashima

In food distribution, we handle overseas processing, imports and sales of general food products in Japan, mainly through subsidiary Sojitz Foods Corporation, and support the overseas operations of Japanese food companies. We also conduct the snack business through affiliate Yamazaki-Nabisco Co., Ltd.

Agriculture & Forest Resources Unit

Businesses

- Agribusiness: Production, sale and import/export of advanced chemical fertilizers; agriculture
- Forest products: Import, offshore trading and sales in Japan of timber, lumber, plywood, building materials, woodchips, pulp, etc.; overseas afforestation and woodchip production businesses

Agribusiness

In its agribusiness operations, Sojitz is developing business with a focus on upstream areas of the food supply chain. Fertilizers are essential to agriculture, and our high-quality compound fertilizer production capacity and sales network, with manufacturing and sales companies in Thailand, Vietnam and the Philippines, are among the largest in Southeast Asia. We are also eyeing the acquisition of upstream interests in resources such as nitrogen, phosphorus and potassium. In Argentina, we have leased more than 10,000 hectares of farmland for production of soybeans and other crops, strengthening our ability to steadily source produce from the most upstream areas of the supply chain. These business activities will enable Sojitz to offer solutions to potential food shortages in the future.


Soybean farm in Argentina

Forest Products Business

In the forest products business, Sojitz primarily handles products such as logs, plywood and paper raw materials. We are building a stable supply network and strengthening our response to the diversification of markets and applications. We are also raising the percentage of environmentally friendly products that come from plantations and certified forests.

In log trading, we are taking advantage of our strong relationships with leading suppliers to expand imports into Japan and sales to customers in China, India and other emerging countries. Sales of plywood and building materials are handled by Sojitz Building Materials Corporation, a subsidiary with the top market share for plywood in Japan.

In the paper raw materials business, we are strengthening our woodchip manufacturing business in Vietnam, and applying the knowledge gained from these operations to develop business in Africa through a woodchip manufacturing company we established in Mozambique. We also plan to increase the amount of pulp we handle, mainly for sale to emerging markets.


A plantation site in South Africa for supplying woodchip materials

Consumer Service & Development Unit

Businesses

- Consumer goods distribution: Imports of cigarettes; brand sundries including shoes and bags; overseas wholesale, distribution and retail; retail at airports with JALUX
- Textiles: OEM and apparel brand business
- Overseas construction development: Development and operation of overseas industrial parks

Consumer Goods Distribution Business

In emerging countries, where economic and social conditions are changing with rapid economic growth, the needs of consumers are also diversified. Sojitz is advancing into the wholesale and distribution businesses overseas with a focus on those countries, based on its experience in the consumer goods import business in Japan, the world's third-largest market. As one such initiative, Sojitz and major Japanese food wholesaler KOKUBU & Co., Ltd. jointly invested in one of Vietnam's largest food wholesalers, Huong Thuy Manufacture Service Trading Corporation (HT), which became a consolidated subsidiary of Sojitz. To meet the projected expansion of food demand in Vietnam and contribute to the modernization of distribution, HT is developing a distribution network, building an information system for distribution, and supporting Japanese manufacturers expecting to enter the market in Vietnam. Our goal is to become the leading general consumer goods wholesaler in Vietnam focused mainly on food products.

Food warehouse (left) and delivery truck (right) of Huong Thuy Manufacture Service Trading Corporation

Textiles Business

In addition to manufacturing private-label apparel for major specialty retailers, Sojitz has established a solid business foundation through key subsidiaries in the rapidly changing apparel industry in Japan. Sojitz Infinity Inc. conducts the McGREGOR brand apparel business, Sojitz Fashion Co., Ltd. sells VANCET fabric stock, and Daiichibo Co., Ltd. operates a practical clothing business based on its distinctive spun yarns.

McGREGOR CLASSIC brand

We will use this business foundation in Japan to expand our initiatives in the growing market of China, with initiatives such as enhancing the functions of local subsidiaries.

Overseas Construction Development Business

Japanese companies are eager to conduct manufacturing overseas, and the demand for Japanese-affiliated industrial parks overseas is growing. Sojitz is leveraging its cooperative relationships with outstanding business partners, its many years of experience and expertise and its global network of representatives to develop industrial parks in Vietnam, Indonesia and India. We handle an array of tasks, from providing basic infrastructure including water and sewage, electric power and communications to attracting tenant businesses and operating and managing industrial parks.

Sojitz also provides comprehensive assistance to support companies in setting up transplants, from establishing local subsidiaries to obtaining approvals and hiring workers. In addition, the Sojitz Group has created a competitive business model with services that include distribution support that gives industrial parks logistics functions, plant facility construction, sale of manufacturing equipment, relocation and delivery of raw materials.

Long Binh Techno Park in Vietnam

Ten Declarations

06

from Hideaki Kato,
President, Consumer Lifestyle Business Division

"We will be a pivotal component by creating a strong organization effectively while evolving rapidly."

Involved in a wide range of areas that are intimately connected with food, clothing and shelter, the necessities of life, the Consumer Lifestyle Business Division represents the origin of the general trading company. In addition to trading individual products, we are distinguished by the new business models we form that incorporate value chains from upstream to downstream. A core division asset is the large number of historical relationships inherited from our predecessors. We are building a powerful earnings structure based on this asset so that the division can consistently generate stable earnings.

The progress we made during Shine 2011 laid the cornerstone for transforming our earnings structure. During Medium-term Management Plan 2014, we will aggressively promote asset replacement through rigorous selection and focus to distinguish businesses with efficient assets and strong growth potential that we will cultivate. At the same time, we will steadily execute investment and loan projects initiated during Shine 2011 to maintain growth. While operating in a wide range of areas associated with food, clothing and shelter, we will concentrate on investing in businesses and accelerating overseas operations to further expand business opportunities. We are seeing solid results, including more inquiries and stronger relationships with our business partners, especially in China and Asia. We will therefore further enhance our advantages in these regions and set our sights on developing business in South America, Africa and elsewhere.

The keys to successfully carrying out Medium-term

# of Sojitz's future that executes

Management Plan 2014 will be a solid commitment to achieving targets and effective execution during the year ending March 31, 2013, the first year on the plan. We will transform our earnings structure and business venues with a sense of urgency.

My mission is to build a strong organization that will resolutely execute the plans we have formulated. I will do so by bringing together the intelligence of individuals in an open environment. While building this highly transparent organization, we will monitor partners and trends in our markets with a front-line perspective to create a highly independent organization that anticipates changes in the business environment.

We will continue to take on the challenge of evolving as a pivotal component of Sojitz's future.

Managing Executive Officer
President, Consumer Lifestyle Business Division
Hideaki Kato

Management Foundation

From left: Toru Nagashima, Yutaka Kase, Yoji Sato, Shigeki Dantani, Yoshio Mogi, Takashi Hara, Yoshikazu Sashida

Directors and Corporate Auditors (As of June 26, 2012)

Representative Director and Chairman

Yutaka Kase

1970, May	Joined Nissho Iwai Corporation
2001, June	Executive Officer, Nissho Iwai Corporation
2003, April	Director, Managing Executive Officer
2004, April	Representative Director, Senior Managing Executive Officer, former Sojitz Corporation
2004, August	Representative Director, Executive Vice President
2005, October	Representative Director, Executive Vice President, Sojitz Corporation
2007, April	Representative Director, President & CEO
2012, April	Representative Director and Chairman

Representative Director and Vice Chairman

Takashi Hara

1975, April	Joined The Sanwa Bank Ltd.
2002, January	Executive Officer, General Manager, Public Relations Division, UFJ Holdings, Inc.
	Executive Officer, General Manager, Public Relations Division, UFJ Bank Ltd.
2003, March	Executive Officer, General Manager, Kyoto Corporate Banking Office and General Manager, Kyoto Branch
2004, July	Executive Officer, General Manager, Human Resources Division
2005, May	Managing Executive Officer, General Manager, Human Resources Division
2006, January	Managing Executive Officer, The Bank of Tokyo-Mitsubishi UFJ Ltd.
2008, June	Managing Director
2009, May	Senior Managing Director
2010, May	Deputy President
2012, June	Representative Director and Vice Chairman, Sojitz Corporation

Representative Director, President & CEO

Yoji Sato

1973, April	Joined Nissho Iwai Corporation
2003, April	Executive Officer
2004, April	Managing Executive Officer, former Sojitz Corporation
2005, April	Director, Managing Executive Officer, CFO
2005, October	Director, Managing Executive Officer, CFO, Sojitz Corporation
2006, April	Director, Senior Managing Executive Officer, CFO
2008, April	Representative Director and Executive Vice President, Corporate Management, and CFO
2012, April	Representative Director, President & CEO

Representative Director
Executive Vice President, Business Group

Shigeki Dantani

1971, April	Joined Nissho Iwai Corporation
2005, March	General Manager, Non-Ferrous Metals Department, former Sojitz Corporation
2006, January	Executive Officer, and General Manager, Non-Ferrous Metals Department, Sojitz Corporation
2006, April	President & CEO for Asia
2007, January	President & CEO for Asia & Oceania
2008, April	Managing Executive Officer
2010, May	President, Energy & Metal Division
2011, April	Senior Managing Executive Officer
2012, April	Executive Vice President, Business Group
2012, June	Representative Director and Executive Vice President, Business Group

Representative Director, CFO, Senior Managing Executive Officer, Finance & Accounting, Risk Management

Yoshio Mogi

1975, April	Joined Nichimen Company, Limited
2004, April	General Manager, Risk Management Department, former Sojitz Corporation
2005, October	General Manager, Risk Management Department, Sojitz Corporation
2006, April	Executive Officer
2008, April	Managing Executive Officer
2012, April	Senior Managing Executive Officer, CFO
2012, June	Representative Director, CFO, Senior Managing Executive Officer, Finance & Accounting, Risk Management

Director

Yoshikazu Sashida*

1963, April	Joined Nisshin Spinning Co., Ltd.
1994, June	Director General Manager, Human Resources Division
1999, June	Executive Director, General Manager, Human Resources Division, and General Manager, Business Planning Office
2000, June	Representative Director, President
2006, June	Director, Chairman
2009, April	Director, Chairman, Nisshinbo Holdings Inc.
2009, June	Advisor, Nisshinbo Holdings Inc. Director, Sojitz Corporation
2012, June	Counselor Nisshinbo Holdings Inc.

Note: The phrase "former Sojitz Corporation" refers to the operating company that was established in 2004 (see page 4 for details).

Director

Toru Nagashima*

1965, April	Joined Teijin Limited
1999, June	Corporate Officer
2000, April	CESHO (Chief Environment, Safety and Health Officer), and General Manager of Functional Fibers Business Group
2000, June	Director, Member of the Board
2001, April	CMO (Chief Marketing Officer), and General Manager of Corporate Strategy & Planning Office
2001, June	Managing Director, Member of the Board
2001, November	President & COO
2002, June	President & CEO
2008, June	Chairman of the Board
2009, June	Director, Sojitz Corporation

Corporate Auditor

Takashi Tsukada

1975, April	Joined Nichimen Company, Limited
2004, April	Executive Officer and CFO for the Americas, former Sojitz Corporation, and CFO, Sojitz Corporation of America
2005, October	Executive Officer and CFO for the Americas, Sojitz Corporation, and CFO, Sojitz Corporation of America
2007, April	Executive Vice President and Representative Director, Sojitz Pla-Net Corporation
2009, June	Full-time Corporate Auditor, Sojitz Corporation

Corporate Auditor

Jun Matsumoto

1972, April	Joined Nissho Iwai Corporation
2002, June	Executive Officer, Nissho Iwai Corporation
2002, December	President for Europe and Africa
2004, April	Managing Executive Officer, President, Foods Division, former Sojitz Corporation
2005, April	President & CEO for the Americas
2005, October	Managing Executive Officer, President & CEO for the Americas, Sojitz Corporation
2009, April	Managing Executive Officer, Business Promotion and Asset Management
2011, April	Advisor
2012, June	Full-time Corporate Auditor

Corporate Auditor

Kazuhiko Tokita**

1972, April	Joined The Sanwa Bank, Ltd.
2000, May	Executive Officer, General Manager, Hibiya Branch
2000, June	Executive Officer, Advisor, Head of Retail Company
2001, April	Executive Officer, General Manager, Compliance Department
2002, January	Director & Executive Officer, General Manager, Compliance Department, Head of Intellectual Property Office, UFJ Bank Ltd.
2002, June	Representative Director, President, Mobit Co., Ltd.
2005, June	Representative Director, President & CEO, UFJ Capital Co., Ltd.
2005, October	Representative Director, President & CEO, Mitsubishi UFJ Capital Co., Ltd.
2007, July	Chairman, Japan Venture Capital Association
2008, June	Representative Director, Chairman, Mitsubishi UFJ Capital Co., Ltd.
2009, June	Full-time Corporate Auditor, Sojitz Corporation

Corporate Auditor

Yukio Machida**

1969, April	Public Prosecutor, Tokyo District Public Prosecutors' Office
2002, June	Director-General, Public Security Intelligence Agency
2004, January	Superintending Prosecutor, Sendai High Public Prosecutors' Office
2004, December	Deputy Prosecutor-General, Supreme Public Prosecutors' Office
2005, September	Attorney at Law, Dai-ichi Tokyo Bar Association
	Joined Nishimura & Partners
	Lecturer, Criminal Law and Procedure, Nihon University School of Law
2006, June	Outside Director, Mitsui Chemicals, Inc.
2006, July	Corporate Auditor, Asahi Mutual Life Insurance Co.
2008, June	Corporate Auditor, Sojitz Corporation
2008, August	Outside Corporate Auditor, ASKUL Corporation

Corporate Auditor

Mitsuaki Yuasa**

1970, March	Joined Peat Marwick Mitchell & Co.
1987, September	Representative Partner, Minato Audit Corporation
2000, April	Representative Partner, Century Ota Showa & Co.
2000, May	Executive Director
2001, July	Executive Director, ShinNihon & Co.
2003, September	Representative Partner, KPMG AZSA & Co.
2006, July	Started "Mitsuaki Yuasa CPA Office"
2007, April	Lecturer, Graduate School of Business and Faculty of Commerce, Doshisha University
2008, June	Outside Auditor, Yodogawa Steel Works, Ltd.
2008, November	Outside Director, World Co., Ltd.
2009, June	Corporate Auditor, Sojitz Corporation
2010, April	Lecturer, Graduate School of Commerce, Doshisha University

* Mr. Yoshikazu Sashida and Mr. Toru Nagashima satisfy the requirements to be outside directors as stipulated in the Companies Act of Japan.

** Mr. Kazuhiko Tokita, Mr. Yukio Machida and Mr. Mitsuaki Yuasa satisfy the requirements to be outside corporate auditors as stipulated in the Companies Act of Japan.

Executive Officers (As of June 26, 2012)

Executive Vice President

Joji Suzuki

President & CEO for Europe,
Russia & NIS

Managing Director, Sojitz Europe plc

Managing Director, Sojitz UK plc

Senior Managing Executive Officer

Shinichi Taniguchi

CCO

Risk Management Planning,
Risk Management 1,
Risk Management 2, Legal

Managing Executive Officer

Tetsuya Konoda

CIO

Internal Control Administration,
IT Planning

Managing Executive Officer

Masahiro Komiyama

President, Energy & Metal Division

Managing Executive Officer

Tatsunobu Sako

President & CEO for the Middle East
& Africa

Managing Executive Officer

Shinichi Teranishi

President & CEO for the Americas

President, Sojitz Corporation of America
and Sojitz Canada Corporation

Managing Executive Officer

Satoshi Mizui

President, Chemicals Division

Managing Executive Officer

Kazuhiko Kawasaki

President & CEO for China

Chairman, Sojitz (China) Co., Ltd.,

Sojitz (Shanghai) Co., Ltd.,

Sojitz (Dalian) Co., Ltd.

Sojitz (Tianjin) Co., Ltd.,

Sojitz (Qingdao) Co., Ltd.,

Sojitz (Guangzhou) Co., Ltd.,

Sojitz (Hong Kong) Ltd.

General Manager, Beijing (Liaison) Office

Managing Executive Officer

Hiroshi Matsumura

Senior Vice President, Energy & Metal
Division

Senior General Manager,
Coal & Nuclear Unit

Managing Executive Officer

Junichi Hamatsuka

Finance, Forex & Securities, Structured
Finance, Corporate Accounting, Asset
Management

Managing Executive Officer

Toshihiko Kita

President, Machinery Division

Managing Executive Officer

Hideaki Kato

President, Consumer Lifestyle Business
Division

Executive Officer

Takashi Ikeda

President & CEO for Asia & Oceania

Managing Director, Sojitz Asia Pte. Ltd.

General Manager, Singapore Branch

Executive Officer

Masao Goto

Executive Vice President for China

President, Sojitz (Shanghai) Co., Ltd.

General Manager, Nanjing Office

General Manager, Suzhou Office

Executive Officer

Masayuki Hanai

Human Resources & General Affairs,
Public Relations

Executive Officer

Shigeru Ohno

Senior Vice President,
Energy & Metal Division

Senior General Manager,
Steel & Mineral Resources Unit

Executive Officer
Takeshi Yoshimura
Senior Vice President, Machinery Division
Senior General Manager, Infrastructure Project & Industrial Machinery Unit

Executive Officer
Masashi Shinohara
Senior Vice President, Energy & Metal Division
Senior General Manager, Energy Unit

Executive Officer
Tsutomu Tanaka
Senior Vice President, Chemicals Division
Senior General Manager, Chemicals Unit
President, Sojitz Pla-Net Corporation

Executive Officer
Shigeru Nishihara
Corporate Planning, Regional Coordination & Administration, Logistics & Insurance, Investor Relations

Executive Officer
Yoshizumi Kurata
Senior Vice President, Machinery Division
Senior General Manager, Automotive Unit

Executive Officer
Masato Takei
Senior Vice President, Consumer Lifestyle Business Division
Senior General Manager, Agriculture & Forest Resources Unit

Executive Officer
Yukio Matsuki
Executive Vice President for China
President, Sojitz (China) Co., Ltd.
General Manager, Xi'an Office

Executive Officer
Masahiko Nishimura
Secretariat
General Manager, Secretariat Department

Executive Officer
Hideto Maruta
Senior Vice President, Machinery Division
General Manager, Planning & Administration Office

Executive Officer
Yoshihiro Tamura
Senior Vice President, Chemicals Division
Senior General Manager, Ecological Materials & Resources Unit

Ten Declarations

07

from Yutaka Kase, Chairman

"We continue to build a sound framework with an unwavering being a trusted company that has

I became Chairman of the Board of Directors in April 2012. Sojitz separates management and execution, so my responsibility as Chairman is supervising the Board of Directors. I am not directly involved in business execution, which allows me to concentrate objectively on medium-to-long-term growth with a stakeholder-driven viewpoint as I focus on the control and supervision of overall business execution.

This separation of management and execution is part of Sojitz's ongoing, continuous efforts to enhance corporate governance, which also include appointing outside directors and establishing various committees. Outside directors have been particularly effective in providing an external perspective to the Board of Directors. They give their opinions and advice as actively as internal directors, or more so. However, we must go beyond these initiatives, and work ceaselessly to ensure an even more sophisticated governance framework.

Going forward, our key word for governance is clearly going to be "global." Sojitz's activities in emerging countries and elsewhere will broaden as its business overseas accelerates. We are currently concentrating on reinforcing the risk management and supervisory functions at overseas bases and businesses, but we need to be even more proactive. Under Medium-term Management Plan 2014, Sojitz is further emphasizing the improvement of risk management

management commitment to integrity."

and the operating efficiency of each division. My role in controlling and supervising business execution involves accurately verifying the ability to execute policies designed to enhance asset quality, which will support our ability to achieve the targets of Medium-term Management Plan 2014.

Integrity and trust have been important to Sojitz since its establishment. We place the highest priority on earning the trust of stakeholders. Enhancing corporate governance to ensure a sound management framework will drive sustained growth and gain the trust of stakeholders. This is the best way to increase shareholder value.

I will approach management with unwavering commitment to these beliefs.

Chairman
Yutaka Kase

Corporate Governance

Basic Corporate Governance Policy

Companies have many objectives, including securing profit and enhancing corporate value. Continuing to promote the ceaseless strengthening of corporate governance is essential for establishing a foundation that enables continuous achievement of corporate objectives and creates a corporation that stakeholders, including shareholders, customers, business partners and employees, continue to trust. The Sojitz Group is composed of a diverse array of business types, business functions, countries, regions, people and other features. For that reason, and to further strengthen its competitiveness as a global corporation, it is particularly important for the Sojitz Group to continuously study more effective styles of corporate governance for the Group as a whole.

Based on this view, the Sojitz Group is executing various policies on behalf of shareholders and all other stakeholders to clarify management responsibility and accountability and establish a highly transparent management structure. To date, the Sojitz Group has promoted initiatives including a system of internal control, efficient decision-making, the creation of mechanisms for handling execution and supervision, development of the audit function and enhancement of information disclosure. These efforts are never complete, because the Sojitz Group must work to constantly raise the sophistication of its governance structure. Under the Sojitz Group Statement, “The Sojitz Group produces new sources of wealth by connecting the world’s economies, cultures and people in a spirit of integrity,” the Sojitz Group aims to provide outstanding value from the perspective of all stakeholders. As a company, Sojitz is working to enhance corporate governance while identifying and applying concepts, approaches, and initiatives that will allow it to continue producing new sources of wealth.

Corporate Governance Framework

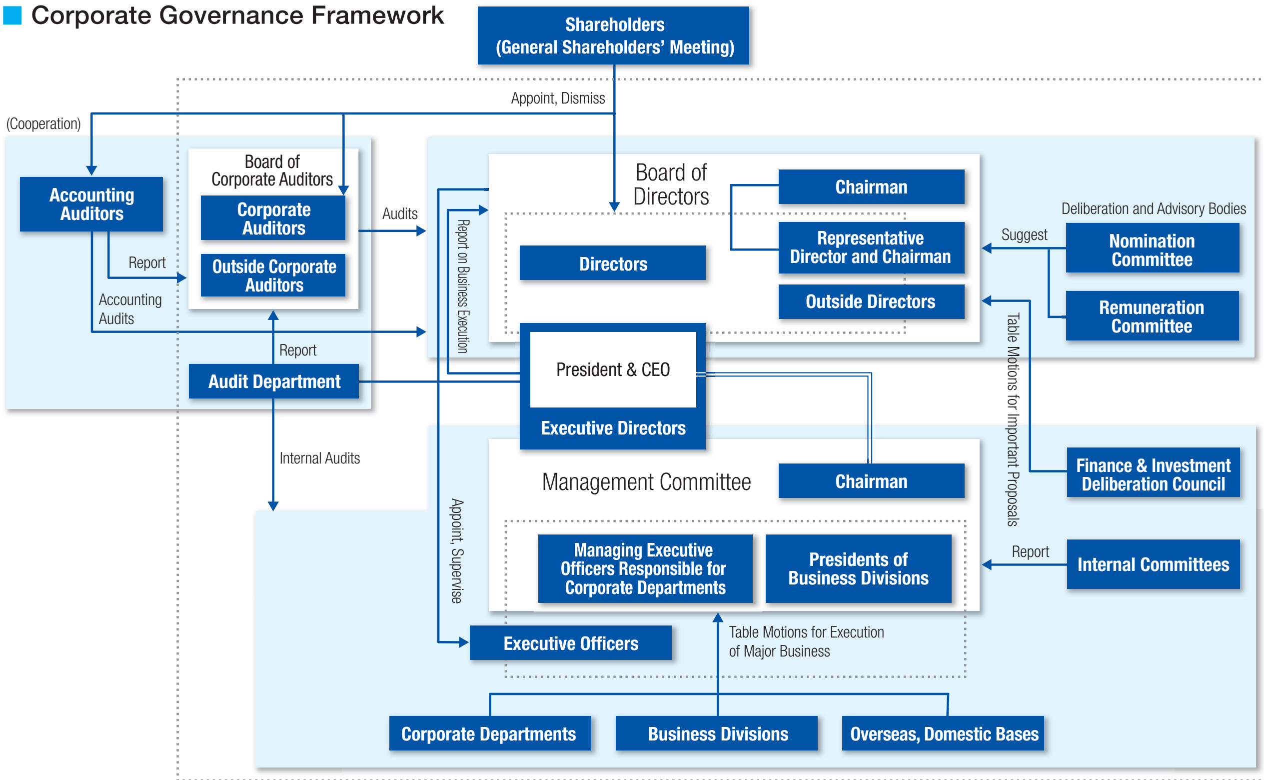
Sojitz employs an executive officer system that separates management decision-making and business execution to clarify authority and responsibility and expedite business execution. The term of directors and executive officers has been set at one year so that the Sojitz Group can respond quickly and appropriately to its rapidly changing operating environment.

Sojitz is a company with a board of corporate auditors who are independent from directors and audit their business performance. In addition, Sojitz appoints outside directors to give management an external perspective and further strengthen supervision of execution of duties. The Company also has a Nomination Committee and Remuneration Committee, which are consultative organizations for the Board of Directors and are chaired by outside directors of the Company.

Board of Directors

As the Company’s chief decision-making organization, the Board of Directors debates and resolves basic policies and important matters. It consists of seven directors, including two outside directors, and is striving to add greater efficiency and depth to discussions and expedite decision-making. In principle, the Board of Directors convenes at least once each month, and

■ Corporate Governance Framework



holds ad hoc meetings if crucial matters arise.
To improve management oversight and further the separation of management and execution, the position of Chairman of the Board is filled by the Chairman of the Company, not by the President & CEO, who is the head of business execution.

Board of Corporate Auditors

The Board of Corporate Auditors consists of five members, three of whom are outside corporate auditors. In addition, three of the corporate auditors on the Board are full-time auditors. Independent from the Board of Directors, the corporate auditors audit the business performance of directors.

Nomination Committee

The Nomination Committee is chaired by Toru Nagashima, an outside director. It discusses and proposes standards and methods for selecting director and executive officer candidates, and considers candidate proposals.

Remuneration Committee

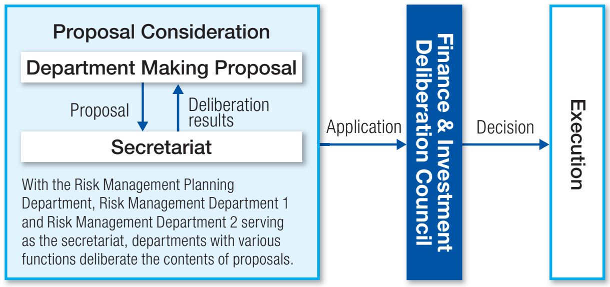
The Remuneration Committee is chaired by Yoshikazu Sashida, an outside director. It discusses and proposes remuneration levels and various systems of evaluation and remuneration of directors and executive officers.

Other Management and Execution Systems

Sojitz established the Management Committee as an organization that oversees business execution. Chaired by the President & CEO, it includes executive directors and the heads of business divisions and corporate departments. Corporate auditors also attend Management Committee meetings as observers. In principle, the Management Committee meets twice a month.

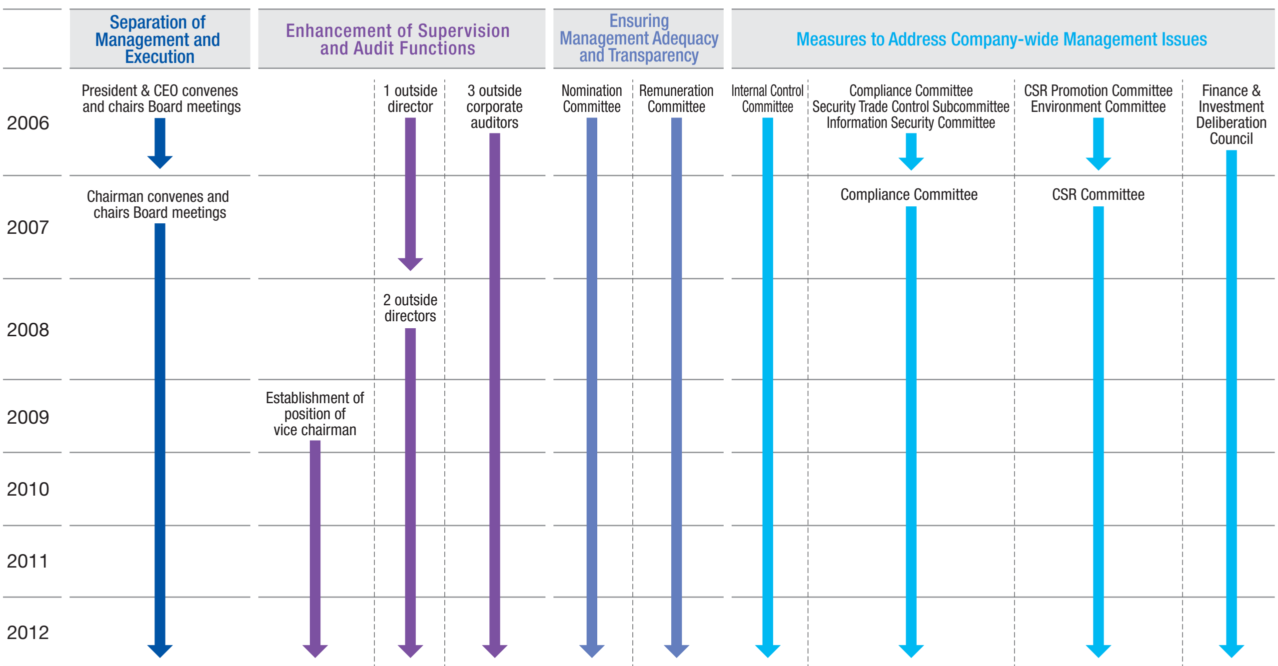
Sojitz established the Finance & Investment Deliberation Council because investments and loans are among the Sojitz Group's business activities with the most significant impact on management. Currently chaired by the CFO, Senior Managing Executive Officer, Finance & Accounting, Risk Management, the council consists of executive directors, the heads of corporate departments and other members. In principle, it meets twice a month to expeditiously and accurately discuss and decide important issues concerning investments and loans. Before being debated by the Finance & Investment Deliberation Council, issues are discussed by the risk management departments and, in some cases, by head office corporate departments, which examine issues in ways including measuring and visualizing risk.

■ Finance & Investment Deliberation Council Decision-making Process



Moreover, Sojitz has established and operates the following three internal committees under the President & CEO to promote the execution of matters that should be handled on a company-wide basis.

■ Evolution of Sojitz's Corporate Governance (Years ended March 31)



- **Internal Control Committee**

The President & CEO chairs the Internal Control Committee, which monitors progress in implementing internal control systems for financial reporting and formulates related policies.

- **Compliance Committee**

The CCO, Senior Managing Executive Officer, Legal chairs the Compliance Committee, which studies and makes decisions on basic policies regarding compliance.

- **CSR Committee**

The Executive Officer, Public Relations chairs the CSR Committee, which studies and formulates basic policies and measures concerning the promotion of the Sojitz Group's CSR activities.

Function of Outside Directors and Reason for Appointment

The appointment of outside directors to provide an external perspective on management and further strengthen supervision of execution is a part of the Sojitz Group's efforts to enhance corporate governance. The Company appointed two outside directors: Mr. Yoshikazu Sashida, Counselor of Nisshinbo Holdings Inc., and Mr. Toru Nagashima, Chairman of the Board of Teijin Limited. Neither Nisshinbo Holdings Inc. nor Teijin Limited is a major transaction partner of the Sojitz Group. For this and other reasons, the Company determined that the appointments maintained independence. Each outside director chairs either the Nomination Committee or the Remuneration Committee to ensure fair, transparent compensation and appointment of directors. In addition, the outside directors provide the Board of Directors with appropriate advice from an objective perspective.

Name	Yoshikazu Sashida	Toru Nagashima
Position	Counselor, Nisshinbo Holdings Inc.	Chairman of the Board, Teijin Limited
Reason for appointment	Sojitz determined that the candidates had successively held important posts in the business world and are able to provide advice relevant to the Sojitz Group's businesses drawn from their broad management knowledge and deep insight.	

(As of July 1, 2012)

Message from Outside Director

Yoshikazu Sashida
Outside Director

Promoting Management That Balances the Interests of Stakeholders

As an outside director, I express my frank opinions at Board of Directors' meetings. In doing so, I focus on accurately understanding the issues facing Sojitz and offering suggestions and advice from an objective standpoint. One near-term challenge for Sojitz is to become a stronger company in terms of financial position, profitability and future potential as global competition intensifies. From the perspective of shareholders, increasing the Company's market capitalization is also becoming a key issue.

Sojitz has set clear policies to address these issues in Medium-term Management Plan 2014. On the other hand, the global economy is likely to become even more uncertain over the next three years, so I think that in Board of Directors resolutions our focus should be on how to think about and manage risk in order to make appropriate decisions.

Part of Sojitz's mission should be to contribute to the revitalization of the global economy. Publicly traded companies are a vital part of a capitalist society, and must be managed in a way that balances the interests of their stakeholders. Enhancing corporate governance is essential for Sojitz to meet this obligation. I want to make use of my knowledge from serving in corporate management and as an outside director and auditor of other companies to fulfill my function as an outside director of Sojitz.

Strengthening Corporate Governance

Under Shine 2011, the medium-term management plan that ended in March 2012, the Sojitz Group set the goals of establishing a strong earnings foundation that ensures sustained growth and developing globally competent human resources, and has worked to raise the level of corporate governance as a global corporation. As Sojitz steps up its overseas expansion, it has emphasized policies to strengthen corporate governance to respond appropriately to such issues as compliance, cash management, and optimal levels of inventory at Group companies overseas.

Going forward, Sojitz will create a balance sheet-focused management structure, revise the management system and strengthen its overseas operations to implement reforms in pursuit of growth initiatives, which is the theme of Medium-term Management Plan 2014. Sojitz will also build a strong corporate structure that enables it to go the distance even in a business environment typified by accelerating globalization.

Major Board and Committee Meetings

Major board and committee meetings convened during the year ended March 31, 2012 were as follows.

Boards and Committees	Times Convened
Board of Directors	14
Board of Corporate Auditors	15
Management Committee	23
Nomination Committee	4
Remuneration Committee	1
Finance & Investment Deliberation Council	27
Internal Control Committee	4
Compliance Committee	4
CSR Committee	4

Officer Remuneration and Determination Policy

Remuneration of directors is based on the Company's overall performance and is decided by the Board of Directors following deliberation by the Remuneration Committee. Remuneration of corporate auditors is deliberated and decided by the Board of Corporate Auditors. However, remuneration for directors and

Message from Outside Director

"My role is to support change at Sojitz for sound, sustained growth."

Toru Nagashima
Outside Director

Focusing on the Four Elements of Speed, Transparency, Fairness and Accountability

Why do companies exist? In essence, they exist to contribute to society, and their objective is to grow soundly and sustainably. I believe that four elements are essential to achieving that purpose: management speed, transparency, fairness and accountability. Strong corporate governance is a key to practicing that kind of management. Another key is to have objective views from outside the company that consider the interests of stakeholders without being bound by past practices. That is what I see as the role of outside directors.

Based on that thinking, I try to take the initiative in giving advice and suggestions in Board of Directors meetings. The business of a trading company is outside my area of expertise, so I ask direct questions from various angles, with particular emphasis on the Company's approach to risk and verification of past examples. At Sojitz, selection and focus initiatives informed by reflections on the past have clarified the Company's direction for the future, including its earnings portfolio. The action plan for moving in that direction is Medium-term Management Plan 2014. Accordingly, I will check its effectiveness and progress from the standpoint of shareholders. Further development of human resources will be one key to Sojitz's ability to grow soundly and sustainably. I want to support change at Sojitz to make it a company where employees can grow while continuing to challenge themselves.

corporate auditors is within the limits set by the resolutions of the Ordinary General Shareholders' Meeting on the maximum amount of remuneration.

Moreover, the Company has entered into agreements with the outside directors, Mr. Yoshikazu Sashida and Mr. Toru Nagashima, and the outside corporate auditors, Mr. Kazuhiko Tokita, Mr. Yukio Machida and Mr. Mitsuaki Yuasa, whereby their liability is limited to the greater of ¥10 million or the amount provided for in Article 425, Paragraph 1 of the Companies Act of Japan.

Officer Remuneration

	Year ended March 31, 2011		Year ended March 31, 2012	
Category	Recipients	Amount (Millions of yen)	Recipients	Amount (Millions of yen)
Directors	7	343	7	413
(Outside directors, included in above)	(2)	(24)	(2)	(24)
Corporate Auditors	5	131	5	131
(Outside corporate auditors, included in above)	(3)	(57)	(3)	(58)

Resolutions of the Ordinary General Shareholders' Meeting on the Maximum Amount of Remuneration

1. Directors: Resolution at the Ordinary General Shareholders' Meeting on June 27, 2007 (excluding outside directors) ¥550 million annually (does not include employee remuneration for directors who are also Sojitz employees)
   (Outside directors) ¥50 million annually
2. Corporate auditors: Resolution at the Ordinary General Shareholders' Meeting on June 27, 2007 ¥150 million annually

Independent Officer

Pursuant to a partial revision to the Securities Listing Regulations implemented in December 2009 (Rule 436-2), listed companies are required to secure an independent officer in order to protect general shareholders. An independent officer is an outside director or corporate auditor who is unlikely to have a conflict of interest with general shareholders. An independent officer is expected to protect general shareholders of listed companies by providing necessary opinions at Board of Directors and other meetings to ensure their interests are taken into consideration in decisions related to the execution of duties. The Company designated Mr. Yukio Machida, one of its outside corporate auditors, as independent officer.

Name	Yukio Machida
Position	Lawyer, Nishimura & Asahi
Reason for designation as independent officer	After working mainly as a public prosecutor on criminal cases for over 30 years and having held an important post at the Public Prosecutors Office, Mr. Machida now monitors the management of Sojitz as an outside corporate auditor of the Company. Sojitz determined that he is suitable for the position of independent officer because he maintains independence as an outside corporate auditor by offering accurate advice and proposals in and outside of Board of Directors meetings from an independent standpoint and with an objective view, and carries out all the responsibilities of that position appropriately.

(As of June 26, 2012)

Votes For and Against Proposals

Sojitz aims to hold open Ordinary General Shareholders' Meetings. The Notice of Convocation is sent three weeks prior to the Ordinary General Shareholders' Meeting. The date of the meeting is selected so that as many shareholders as possible may attend and participate. Messages to shareholders from director and corporate auditor candidates are also posted on the Sojitz corporate website.

Since the Ordinary General Shareholders' Meeting in June 2005, we have used mobile phone and Internet voting in addition to voting by mail so that shareholders who are unable to attend can exercise their voting rights. Moreover, since the Ordinary General Shareholders' Meeting in June 2006, we have used an electronic voting platform for institutional investors so that institutional investors with material voting rights may exercise those rights. In addition, Sojitz provides video of the Ordinary General Shareholders' Meeting via its website after the meeting has ended with the objective of fair information disclosure.

At the Ordinary General Shareholders' Meeting on June 26, 2012, voting rights exercised in writing and via the Internet represented shares held by 59,241 shareholders, of which 1,192 shareholders including 20 directors, corporate auditors and executive officers attended the meeting, and accounted for 64.01% of total voting rights.

Number of Shareholders in Attendance and Voting Rights

Shareholders who can exercise voting rights	184,534
Total voting rights	12,499,471
Shareholders who exercised voting rights	59,241
Voting rights exercised	8,001,079
Percentage of voting rights exercised	64.01%

Voting on Resolutions by Voting Card or Internet

Matters for Resolution	For	Against	Abstained
Proposal No. 1 Dividends from Surplus (Year-End Dividends for the 9th Fiscal Year)	7,276,235	116,735	8,093
Proposal No. 2 Partial Amendments to the Articles of Incorporation	7,308,787	85,059	7,074
Proposal No. 3 Election of Seven Directors Yutaka Kase	7,135,207	258,628	7,074
Takashi Hara	7,237,271	156,564	7,074
Yoji Sato	7,136,724	257,110	7,074
Shigeki Dantani	7,259,341	134,494	7,074
Yoshio Mogi	7,259,497	134,338	7,074
Yoshikazu Sashida	7,124,017	269,818	7,074
Toru Nagashima	7,127,498	266,337	7,074
Proposal No. 4 Election of Two Corporate Auditors Jun Matsumoto	6,991,613	402,464	7,074
Yukio Machida	6,998,672	395,406	7,074

Note: The voting rights exercised prior to the date of the meeting satisfied the requirements for adoption of all proposals, and therefore the number of voting rights of approval, disapproval or abstention of shareholders present on the date of the meeting has not been included in the calculation.

Basic Policy for Information Disclosure

To ensure highly transparent management and remain accountable to all stakeholders, it is essential that Sojitz promptly, accurately, and fairly discloses important corporate information and information that facilitates understanding of its business activities from the perspective of stakeholders. Sojitz discloses information via stock exchanges in a timely manner in accordance with provisions for publicly listed companies, and uses media organizations and the Company website to provide information to as many stakeholders as possible.

Initiatives to Incorporate the Views of Shareholders and Investors in Management

Sojitz emphasizes active communication with all investors and shareholders because it recognizes the importance of listening attentively to their opinions and incorporating their views in management.

To communicate with individual shareholders and investors, Sojitz holds an informal discussion session after the Ordinary General Shareholders' Meeting, and provides webcasts of Ordinary General Shareholders' Meetings on the Company website. In addition, Sojitz held two briefings as additional opportunities to facilitate dialogue with shareholders. The August 2011 briefing in Nagoya had 388 attendees and the February 2012 briefing in Fukuoka had 157 attendees. Furthermore, Sojitz held briefings for individual investors in cooperation with securities companies.

To communicate with analysts and institutional investors, Sojitz holds regular briefings at the time of quarterly earnings announcements (web conferences for the first and third quarter announcements), and proactively convenes one-on-one meetings. During the year ended March 31, 2012, about 200 people attended each briefing, and approximately 150 one-on-one meetings were held.

For overseas shareholders and investors, Sojitz conducted meetings twice each in the United States, Europe and Asia, in addition to actively providing information on the Company website.

Sojitz has also established a structure for gathering the opinions of investors and reflecting them in the Company's management. Weekly analysis reports are prepared on the content of meetings with investors and analysts, and the votes for and against proposals are analyzed after the Ordinary General Shareholders' Meeting and the voting trend is reported to the Management Committee. In addition, Sojitz collects the comments of shareholders by conducting surveys in shareholder newsletters, at briefings and through other media. In the year ended March 31, 2012, a total of 530 surveys were collected at shareholder briefings and 3,514 via shareholder newsletters. For employees, the details of financial results and a message from management are included in the internal Company newsletter, and explanations about investor relations are part of the training for new employees and employees from overseas.

Summary of IR Activities

For individual shareholders and investors	· Webcasts of Ordinary General Shareholders' Meetings on Company website · Regional briefings for individual shareholders, and webcasts of these briefings · Briefings for individual investors in regions throughout Japan
For analysts and institutional investors	· Briefings twice a year at the time of full-year and first-half earnings announcements. Web conferences for the first- and third-quarter earnings announcements. Webcasts of all these events on the Company's website. · One-on-one meetings · Regular one-on-one meetings with shareholders and investors in the United States, Europe and Asia · Meetings after the full-year and first-half earnings announcements to explain proposals to individuals in charge of voting and exchange views on voting guidelines
IR materials and website content	· Notice of the Ordinary General Shareholders' Meeting · Report of voting results · Securities report (quarterly)* · Corporate governance report* · Timely disclosure materials · Summary of financial results · Briefing session presentation materials · Annual report · Shareholder newsletter* · Content for individual shareholders and investors (updated at least once a month) *Japanese only
Other	· Surveys of shareholders and investors through various media

Internal Control Systems

Sojitz has been working to implement and maintain internal control systems including regulations, organizations and systems. The Company set the following basic policies regarding the establishment of "Systems for Ensuring Appropriate Execution of Business Operations," which were formally adopted by the Board of Directors at a meeting in May 2006. (Partially revised in April 2008)

1. Systems to Ensure Compliance by Directors and Employees
2. Systems for Retention and Management of Information relating to the Execution of Directors' Duties
3. Regulations and Other Systems regarding Management of Loss Risks
4. Systems to Ensure Efficiency in Execution of Directors' Duties
5. Systems to Ensure Proper and Ethical Business Operations in the Sojitz Group
6. Systems regarding Employees Assisting Corporate Auditors and Their Independence from Directors
7. Systems for Reports to Corporate Auditors by Directors and Employees, Other Systems for Reports to Corporate Auditors
8. Other Systems to Ensure Efficient Auditing by the Corporate Auditors

Sojitz establishes, improves and implements overall internal control systems with inspections of and improvements to legal compliance systems led by the Compliance Committee inspections of and improvements to risk management led by the Risk Management Planning Department, and promotion of “Assessment of Internal Controls Regarding Financial Reporting” under the Financial Instruments and Exchange Act, led by the Internal Control Committee, which was established in November 2005.

Corporate auditors attend Board of Directors, Management Committee, Internal Control Committee and other meetings, and consult with people such as those responsible for internal controls in various areas to review the establishment and implementation of internal controls. Furthermore, corporate auditors monitor the overall internal control systems of the Company and provide advice on more efficient operations of the systems through exchange of information when necessary with the accounting auditors and other organizations involved in internal controls such as the Internal Control Administration Department and the Audit Department.

To maintain and earn higher social credibility, Sojitz recognizes that ensuring appropriate financial reporting is one of its most important goals. Accordingly, by a resolution of the Board of Directors in April 2008 the Company enacted the following basic policies in accordance with the “Internal Control Reporting System” as prescribed in Article 24-4-4 of the Financial Instruments and Exchange Act: Basic Principle for Ensuring Appropriate Financial Reporting; Establishment of Systems and Procedures for Ensuring Appropriate Financial Reporting; Use of IT for Internal Controls over Financial Reporting; and Implementation of “Assessment and Reporting of Internal Controls over Financial Reporting” Pursuant to the Financial Instruments and Exchange Act.

In the year ended March 31, 2012, management executives once again evaluated the Sojitz Group’s internal control system for financial reporting and concluded that it is effective.

■ Main Initiatives Aimed at Strengthening the Internal Control System

November 2005	Internal Control Committee, chaired by the President & CEO, is established ・Decides the Sojitz Group’s internal control policies and monitors progress in establishing internal controls ・Executes initiatives to focus the attention of Group executives and employees on the internal controls in general
May 2006	The Board of Directors adopts a resolution regarding the Company’s basic policy for establishing a system to ensure proper and ethical business operations (an internal control system) (Partially revised in April 2008)
April 2008	The Board of Directors adopts a resolution regarding the Company’s basic policy to ensure appropriate financial reporting

Audit Structure

Corporate auditors, accounting auditors, and the Audit Department enhance the effectiveness of their respective audits by exchanging information to ensure their efforts are complementary and efficient.

Audits by Corporate Auditors

Corporate auditors attend important meetings of the Board of Directors, Management Committee, Finance & Investment Deliberation Council, and other managerial organizations in accordance with auditing plans, assignments, and other auditing standards set by the Board of Corporate Auditors. In addition, the corporate auditors oversee and inspect the operations of the Sojitz Group by conducting audits using means such as interviewing directors and other members of senior management regarding business execution, inspecting important documents relevant to major business decisions, and obtaining business reports and other information from subsidiaries.

Accounting Audits

In accordance with the Companies Act of Japan, which requires accounting audits, and the Financial Instruments and Exchange Law, which requires auditing of financial statements, quarterly reviews, and internal controls, Sojitz has appointed the independent auditing firm KPMG AZSA LLC. The accounting auditors explain their auditing plan to the corporate auditors and periodically report on the status of the audits they are conducting. The accounting auditors share information with corporate auditors to enhance the effectiveness of accounting audits.

Internal Audits

Internal audits of the Company are conducted by the Audit Department. Based on auditing plans approved by the Board of Directors at the beginning of each fiscal year, audits cover business departments, corporate departments, consolidated subsidiaries and major overseas affiliates.

The Audit Department verifies and evaluates the status of internal management risks by monitoring the effectiveness of department functions with particular emphasis on compliance, reliability of financial reporting, risk management and inventory control. It reports its findings to the President & CEO and provides audited departments with plans to improve effectiveness. To speed amelioration of problems and improvement of points raised during audits, audited departments are required to submit reports on the status of amelioration and improvements three months and six months after the audit, and follow-up audits are conducted to confirm progress. Information gleaned from this series of activities is shared with the corporate auditors with the aim of improving the effectiveness of audits.

Moreover, the Sojitz Group has introduced a system under which business departments and Group companies conduct self inspection to promote swift discovery of problems and operating efficiency, preclude losses, and enhance awareness of risk management.

Risk Management

Basic Risk Management Policies

As a general trading company, the Sojitz Group is engaged in a diverse, globally dispersed range of businesses. Due to the nature of its businesses the Group is exposed to a variety of risks.

In compliance with its Basic Code of Corporate Risk Management, the Sojitz Group defines and categorizes risk, and manages it according to the nature of each risk. Quantifiable risks such as market risk, business investment risk, credit risk and country risk are quantified and managed based on a calculation of risk assets. Nonquantifiable risks such as legal risk, compliance risk, environmental risk, financing risk, disaster risk and system risk are managed in the same manner as quantifiable risks, with the status of the risk and other issues reported to management based on the Risk Management Policy and Plan formulated by the executive officer responsible for managing that risk.

Risk Measurement and Control

The aims of risk measurement are to 1) control numerically quantified risk so that it is within the scope of the strength of the Company (its shareholders' equity), and 2) maximize earnings in line with the level of risk exposure. In other words, the Sojitz Group manages risk with a focus on both acceptability and profitability.

The Sojitz Group's objective for risk control has been to manage risk assets so that they total less than shareholders' equity. We maintained the ratio of risk assets to shareholders' equity at 1.0 times in the year ended March 31, 2012. We are currently promoting risk control with this objective under Medium-term Management Plan 2014. For new investments, we have set business focus areas and will prioritize allocation of resources to these areas to accumulate quality businesses and assets. On the other hand, the Sojitz Group has a policy of steadily replacing underperforming risk assets to build a quality, resilient balance sheet. This policy involves withdrawing from businesses with low profitability and revising the existing portfolio.

Risk for all projects is quantified quarterly and reported to the Board of Directors and the Management Committee, and each business unit receives results of analysis of the change in risk assets for application in day-to-day risk management activities.

Note: Please refer to pages 98 to 102, "7. Business and Other Risks" in the "Management's Discussion and Analysis of Operations" for information on each risk category.

Risk Management System

Sojitz continues to strengthen and increase the sophistication of its risk management while enhancing and expanding its risk management system. We reviewed the system to further enhance the awareness and practice of risk management in operations throughout the entire Group, and now carry out risk management in a three-department structure consisting of the Risk Management Planning Department, Risk Management Department 1, and Risk Management Department 2. The Risk Management Planning Department is in charge of the planning and establishment of overall rules, systems and risk management policy and measuring risk. Risk Management Department 1 and Risk Management Department 2 are in charge of examining individual business proposals and monitoring business investments. This structure facilitates fast and meticulous operations.

In April 2012, Sojitz established Controller offices in certain business departments as part of its efforts to build a structure and organization that can conduct business with a high level of risk management. The objective is to promote strong and sophisticated risk management capabilities in business departments while increasing the speed of risk management.

Business Investment Proposals

Deliberation of business investment proposals takes place in the Finance & Investment Deliberation Council chaired by the CFO, Senior Managing Executive Officer, Finance & Accounting, Risk Management. In order to visualize risks and facilitate deliberation, this council has established rules such as requiring single-page documents covering downside scenarios as well as expected scenarios. The general managers of Risk Management Department 1 and Risk Management Department 2, not the relevant business division, explain proposals to ensure objective evaluation of risk.

Risk Management Training

Simply establishing rules is not sufficient to build a risk management system. Rather, the system must permeate the work of all employees who run it. In order to spread awareness of risk management to employees, the risk management departments provide training for groups of employees prior to their promotion to management positions and for managers at Group companies. Training entails the use of case studies of actual situations to learn from the mistakes of the past. More than 1,000 employees have taken this training course. In addition, employees from business departments are assigned to the Risk Management Department for fixed periods, and employees from Group companies are also accepted as trainees in the Risk Management Department for fixed periods according to need. These human resource exchanges help to further spread awareness of risk management issues.

Improving Information Capabilities

In the current volatile economic environment, Sojitz is promoting measures to strengthen internal communication of information regarding anticipated changes. Particularly in management of country risk, we are strengthening monitoring and predictive management by conducting local fact-finding studies on economic conditions, political systems and other such matters, and periodically issuing internal investigative reports. In addition, we have begun sharing expertise within the Company by cooperating with relevant departments to systematically summarize the points to keep in mind when doing business in each country.

Compliance

Basic Approach to Compliance

Companies must not concern themselves with the pursuit of profit alone; rather, they must work to develop their businesses while conducting themselves in accordance with social norms, and endeavor to make a contribution to society. Sojitz believes that thorough compliance is essential to living up to these requirements. We are focusing on instilling and establishing a compliance mindset among employees while making a Company-wide effort to support teamwork through daily communication among employees. However, there are no shortcuts to establishing compliance. The Sojitz Group is therefore increasing its focus on meticulous compliance through sound and steady reinforcement of policies.

The Sojitz Group has established the Sojitz Group Compliance Program, which lays out procedures to ensure thorough compliance. The Group has also prepared the Sojitz Group Code of Conduct and Ethics, which provides Group-wide compliance conduct guidelines.

Establishment of the Compliance Framework

The Compliance Committee, chaired by the Chief Compliance Officer (CCO), is at the core of activities to ensure adherence to laws, regulations, and corporate ethics, in cooperation with the head office, consolidated Group companies, overseas sites and other parts of the Group.

Compliance supervisors and assistants have been assigned in Sojitz's domestic and overseas operating bases and consolidated Group companies in order to promote the establishment of frameworks for each operating base and company. They also promote educational activities and training, including for locally hired employees. Moreover, Sojitz has set up five regional compliance committees that run committee meetings and carry out local compliance activities overseas. In addition, Sojitz promotes a shared awareness of compliance and regular exchange of views on future policies through various channels, such as meetings between the CCO and the presidents of each division and consolidated Group companies and conferences among the compliance officers of domestic consolidated Group companies.

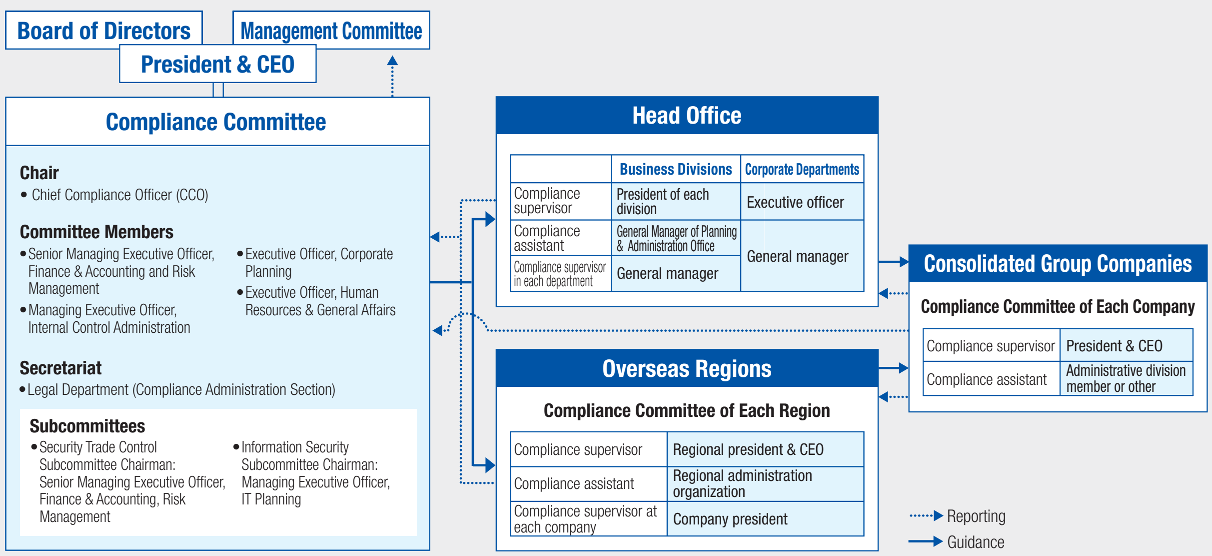
Moreover, to help prevent or rapidly detect violations of compliance regulations, Sojitz has a hotline (reporting system) that provides access to the CCO and outside legal counsel; a consultation desk where Compliance Committee Secretariat members can be contacted; and the multi-lingual Sojitz Ethics Hotline, which is available 24 hours a day, 365 days a year. All Sojitz Group employees are informed about these systems.

Initiatives for Thorough Compliance

Publicizing and Establishing the Compliance Mindset

The Sojitz Group conducts a variety of training programs such as e-learning and compliance training, mainly using case studies for Group employees to deepen their understanding of the Sojitz Group Compliance Program and the Sojitz Group Code of

■ Compliance Framework



Conduct and Ethics. In the year ended March 31, 2012, we revised the case examples to enhance their functionality in ways such as adding more specific cases, and distributed them to all Group employees.

The Sojitz Group includes many operating bases outside Japan, and therefore actively enhances understanding and practice of compliance not only in Japan but at the global level. The Code of Conduct and Ethics has been translated into 23 languages, including Japanese and English, to enable all Group employees in Japan and overseas to share the same compliance mindset. In addition, the Sojitz Group takes measures to ensure a consistent level of understanding, such as conducting classroom training at overseas Group companies that do not have an IT environment.

The Sojitz Group Code of Conduct and Ethics

Comprehensive Compliance Inspections

Sojitz regularly conducts comprehensive inspections at the head office, overseas sites, and major Group companies in Japan and overseas to double check for noncompliance in the workplace. In the year ended March 31, 2012, inspections were conducted at 57 head office departments, 49 overseas sites including subsidiaries, and 112 Group companies in Japan and overseas. Sojitz reviews and revises the list of inspection items every year based on the results of past inspections to flexibly respond to the rapidly changing environment. Sojitz analyzes inspection results item by item and shares the findings across the Group to help prevent similar cases of noncompliance.

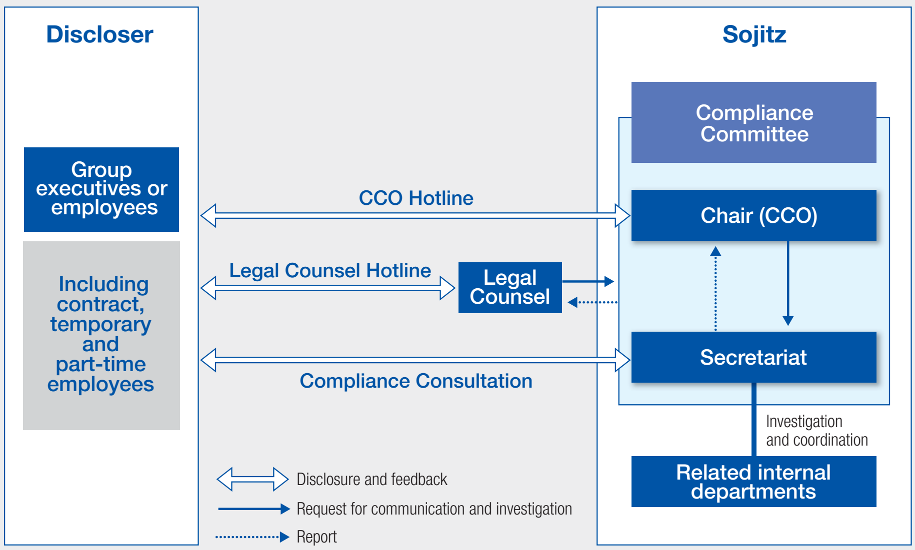
No serious cases of noncompliance have been reported in the comprehensive inspection results up to now. However, Sojitz is working on improvements such as revising inspection methods with the relevant departments to make inspections more effective. In addition, Sojitz plans to establish measures to prevent noncompliance based on the previously mentioned case studies.

Enhancement of Anticorruption Measures

In recent years, the United States has tightened regulations against corrupt practices such as improper giving of gifts to public officials and bribery, but the level of standards demanded for prevention of corruption is increasing globally. Therefore, the Sojitz Group recognizes that it must step up efforts to further raise its anticorruption measures to a uniformly high level worldwide.

Based on this awareness, in December 2011 the Sojitz Group launched a full-time team in the Legal Department to strengthen anticorruption measures.

The Sojitz Group Compliance Hotlines



Ten Declarations

08

from Shinichi Taniguchi,
CCO (Chief Compliance Officer)

"We must take a consistently honest and direct approach to

I believe that Sojitz's compliance system and mechanisms and its execution of policy initiatives are second to none. Exemplifying the evolution of the Sojitz Group Compliance Program, we have translated the Sojitz Group Code of Conduct and Ethics (Revised Edition) into 23 languages and shared it with all Group employees, while phasing in a common global hotline and conducting effective training programs that employ e-learning.

Thorough compliance requires that we maintain a systematic framework and spread and embed awareness of compliance. Compliance cases reported in the course of operations and items requiring improvement that are uncovered by our annual comprehensive compliance inspections have steadily decreased each year, which indicates to me that our efforts so far are producing sound results. At the same time, we need to further raise the level of our compliance from an objective point of view to meet increasing demands to implement coordinated initiatives with business partners in supply chain, CSR and the designation of Authorized Economic Operators. In other words, my aim is continuous development, with all employees diligently enhancing their own awareness and sharing it with business partners. Moreover, I intend to further enhance overall Group awareness of compliance by continuing the exchange and discussion of perceived issues between people responsible at thorough, compliance.”

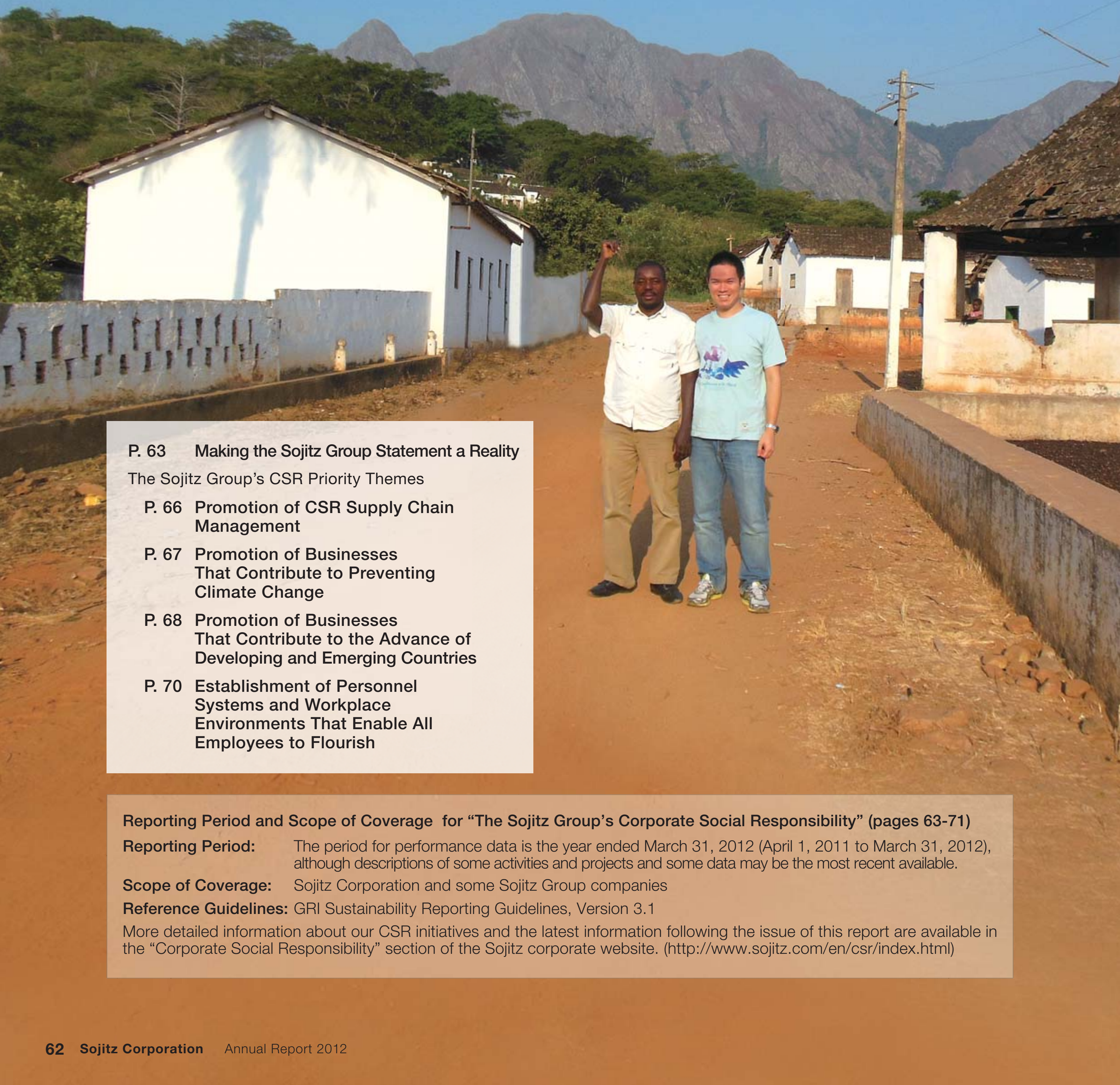
Group companies and in sales departments in the coming fiscal year.

Medium-term Management Plan 2014 defines self-reform as our most important challenge, but we can only achieve this reform with more thorough compliance. Sojitz advocates the social role of good faith. Approaching issues openly and directly and conducting business with awareness of compliance are powerful competitive advantages.

We cannot achieve continuous development by eliminating compliance violations within the Sojitz Group alone. We must take compliance to the next level, making it more thorough by including our business partners in our ongoing programs.

CCO
Senior Managing Executive Officer
Risk Management Planning,
Risk Management 1,
Risk Management 2, Legal
Shinichi Taniguchi

The Sojitz Group's Corporate Social Responsibility



Reporting Period and Scope of Coverage for "The Sojitz Group's Corporate Social Responsibility" (pages 63-71)

Reporting Period: The period for performance data is the year ended March 31, 2012 (April 1, 2011 to March 31, 2012), although descriptions of some activities and projects and some data may be the most recent available.

Scope of Coverage: Sojitz Corporation and some Sojitz Group companies

Reference Guidelines: GRI Sustainability Reporting Guidelines, Version 3.1

More detailed information about our CSR initiatives and the latest information following the issue of this report are available in the "Corporate Social Responsibility" section of the Sojitz corporate website. (http://www.sojitz.com/en/csr/index.html)

Making the Sojitz Group Statement a Reality

As a member of society, the Sojitz Group aims to continue creating the "new sources of wealth" set forth in the Sojitz Group Statement. This means contributing to raising living standards for people around the world while respecting diverse cultures and values, which we believe will also lead to harmony with society and the environment.

Basic Approach to CSR

The Sojitz Group's corporate social responsibility (CSR) is the activities we undertake to make the Sojitz Group Statement a reality. We consider CSR to be a management issue of vital importance, so we have established the Sojitz Group CSR Policy based on the Sojitz Group Statement and are ceaselessly working toward that goal.

Sojitz Group Statement

The Sojitz Group produces new sources of wealth by connecting the world's economies, cultures and people in a spirit of integrity.

Sojitz Group CSR Policy

We will strive to do business in harmony with society and the environment, consistently honoring the Sojitz Group Statement.

● **The Sojitz Group's Basic Approach to CSR**

System to Promote CSR

We promote CSR on a Group-wide basis. The CSR Committee is at the center of these initiatives. The committee is under direct control of the President & CEO and chaired by the executive officer responsible for public relations. It deliberates key CSR issues and reports directly to the Management Committee.

Initiatives to Promote CSR Awareness

We implement various initiatives to ensure that all Group employees work proactively and sincerely to meet the expectations of society.

Sojitz Group CSR Seminars

To promote CSR awareness among all Group employees, we hold seminars with guest specialists and experts who offer outside views and insight. We held the first seminar in 2009, and in the year ended March 31, 2012 two seminars were held with the themes described below.

Fourth seminar	"Supply chain CSR of general trading companies – Aiming for business with high sustainability" (Approx 70 participants)
Fifth seminar	"Further business potential in developing and emerging countries – Why Sumitomo Chemical's Base of the Economic Pyramid (BOP) business succeeded, and lessons for the Sojitz Group" (Approx 80 participants)

CSR E-Learning

In November 2011, we conducted a CSR e-learning program and questionnaire survey to raise awareness of the Sojitz Group's CSR approach and initiatives, and to gather employee opinions for future improvement. This time we targeted employees of Sojitz Corporation, but we plan to expand the program to cover the entire Group and conduct it regularly.

The Sojitz Group's CSR Priority Themes

We have identified four issues that we should focus on as CSR priority themes by correlating stakeholder expectations with issues important to the Sojitz Group. This report centers on these CSR priority themes. For more details and the latest information, please see the "Corporate Social Responsibility" section of the Sojitz website.
(http://www.sojitz.com/en/csr/index.html)

- **Promotion of CSR Supply Chain Management** .... P. 66
- **Promotion of Businesses That Contribute to Preventing Climate Change** .... P. 67
- **Promotion of Businesses That Contribute to the Advance of Developing and Emerging Countries** ... P. 68
- **Establishment of Personnel Systems and Workplace Environments That Enable All Employees to Flourish** .... P. 70

Notes:
1. The above CSR priority themes are subject to revision to reflect changes in social and/or other conditions surrounding the Sojitz Group.
2. In addition to the above four priority themes, we report on our initiatives to support the reconstruction of the areas affected by the Great East Japan Earthquake and Tsunami because we regard them as extremely urgent and important.

Participation in the United Nations Global Compact

The United Nations Global Compact (UNGC) calls for businesses to work toward achieving sustainable growth by exercising responsible and creative leadership, and encourages corporate initiatives. Sojitz endorsed and began participating in the UNGC in April 2009 and has been putting its Ten Principles into practice.

● The UN Global Compact's Ten Principles

Human Rights	Principle 1:	Businesses should support and respect the protection of internationally proclaimed human rights; and
	Principle 2:	make sure that they are not complicit in human rights abuses.
Labour	Principle 3:	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
	Principle 4:	the elimination of all forms of forced and compulsory labour;
	Principle 5:	the effective abolition of child labour; and
	Principle 6:	the elimination of discrimination in respect of employment and occupation.
Environment	Principle 7:	Businesses should support a precautionary approach to environmental challenges;
	Principle 8:	undertake initiatives to promote greater environmental responsibility; and
	Principle 9:	encourage the development and diffusion of environmentally friendly technologies.
Anti-Corruption	Principle 10:	Businesses should work against corruption in all its forms, including extortion and bribery.

Participation in Supply Chain Section Committee

Sojitz is a member of the Supply Chain Section Committee of the Global Compact Japan Network, which consists of about 30 companies. Committee members discuss case studies and their own examples and prepare written recommendations concerning CSR in supply chains. We incorporate the knowledge and information we gain through committee activities into the Sojitz Group's CSR initiatives.

Human Rights Initiatives

The Sojitz Group Code of Conduct and Ethics provides clear standards on appropriate working conditions and environment, prohibition of child labor and forced labor, and other issues. It has been prepared in 23 languages to promote understanding and implementation throughout the Sojitz Group. We also conduct a related e-learning program with the aim of enhancing compliance with the code.

To promote CSR in supply chains, we conduct questionnaires and on-site surveys of key suppliers, and promote initiatives on matters such as human rights issues.

For more details on CSR initiatives in supply chains, please see page 66.

Contributing to the Global Society

Education Support Project in Tanzania

The Sojitz Group carries out social contribution activities in cooperation with local communities in Africa under the theme of education, which is vital to the well-being of humanity.

In the village of Maliza in northern Tanzania, Sojitz is collaborating with the international non-governmental organization Plan Japan* on an education support project. Phase 2 of the project is currently under way, and includes the construction of water wells and the supply of gardening and poultry farming equipment and materials. Sojitz is also providing support for the construction of a kindergarten and related facilities in the village of Mahina Kati. In addition, we conduct awareness-raising activities and training in pre-school education for teachers and community leaders to contribute to the sound physical and mental growth of children.

* Plan Japan is a member of Plan, an international NGO that provides assistance for community development involving children in 50 developing countries.

Children attend a class (Photo courtesy of Plan Japan)

Comments from the Local Community

"My younger brothers can use the new school facilities next year, and they're really looking forward to it."
(Annet, age 12)

"Until now, we didn't even have classrooms or desks. This project will improve the children's learning environment."
(Ms. Tryphonia, Head Teacher of Nyangulugulu Primary School)

"Community residents participated in the project meetings, which is important for maintaining transparency. I would like this approach to be used in other projects, too."
(Mr. Katinde, resident of Mahina Kati village)

Reports on the Sojitz Corporate Website

- Initiatives to Promote CSR Awareness

For details, please refer to the following URL:
http://www.sojitz.com/en/csr/approach/infiltration.html

- Basic Approach to Social Contribution Activities
- Global Activities for Social Contribution
- Social Contribution Activities
- Sojitz Foundation
- Nagaoka Zen Training Center

For details, please refer to the following URL:
http://www.sojitz.com/en/csr/contribute/index.html

Support for Reconstruction after the Great East Japan Earthquake and Tsunami

The Sojitz Group offers its deepest sympathy to those who suffered from the devastation of the Great East Japan Earthquake and Tsunami. We are doing our best to provide support for the earliest recovery of the affected regions.

Basic Approach

Since the earthquake, the Sojitz Group has been supporting reconstruction based on the Sojitz Group Statement. We recognize that reconstruction support is an important task in addition to the four CSR Priority Themes explained on page 63. Under the theme of "Working toward a brighter future for the people and local community," we plan to continue leveraging our full array of resources to support reconstruction.

Supporting Reconstruction through Our Business Activities

SOFCO Seafoods Inc. Resumes Operation in Kamaishi City

Group company SOFCO Seafoods Inc., which had a processing plant in the town of Otsuchi, Iwate Prefecture, suffered extensive damage from the disaster and was forced to suspend operations. However, the company decided to rebuild the plant to support the recovery of the marine products industry, which is the main industry in the coastal area, and to secure jobs for its employees. The company built a new plant in Unosumaicho, Kamaishi City with support from the city and Iwate Prefecture, and resumed operations in March 2012. The plant is also playing the role of a new community that reconnects about 100 employees who were separated by the disaster. SOFCO Seafoods aims to quickly restore business operations centered on the production of flaked salmon, one of its main products.

New processing plant of SOFCO Seafoods Inc.

Solar Power Business Feasibility Study in Minamisoma City, Fukushima Prefecture

Taisei Corporation, Sojitz Corporation and Toshiba Corporation were awarded a contract by the Ministry of the Environment to conduct a feasibility study for constructing a 20MW solar power plant in Minamisoma City. Through this project, we aim to contribute to reconstruction in a way that counters global warming.

Other Support Activities

Sojitz Reconstruction and Education Fund

Sojitz has set up a fund to assist university students who are having financial difficulty because of the disaster. Starting in 2011 for five years, the fund grants scholarships of ¥70,000 per person per month to qualifying students for up to four years each. A total of ¥500 million has been set aside to assist a total of 150 or more students. In the first year (ended March 31, 2012), the scholarship was granted to 52 students.

Volunteer Support System

Sojitz has introduced the following programs to back executives and employees who volunteer in reconstruction support activities. These support programs have also been adopted at 15 Sojitz Group companies.

1) Granting of volunteer leave	Up to 5 days per year
2) Subsidies for volunteering in the disaster region	¥6,000 per night for accommodation, up to 10 nights per year

Volunteer Tours to the Disaster Region

In October 2011, Sojitz began arranging volunteer tours to Iwate Prefecture for executives and employees of the Sojitz Group in order to facilitate their participation in volunteer activities. Eight bus tours were organized in the second half of the year ended March 31, 2012, with a total of 70 participants who engaged in reconstruction support work such as debris removal, house cleaning and the restoration of farms.


Sojitz Group employees remove debris in the disaster area.

Comments from Volunteers

"I wasn't sure what I could do, but I learned that even my small effort could help the local people smile and think positively."
Nana Kawauchi, Sojitz Corporation
(Volunteered from April to June 2011)

"Many elderly people in temporary housing said they wanted someone to talk to, and I felt that it would still be a while before they could get back to their regular lives."
Yoko Kaburagi, Sojitz Logistics Corporation
(Volunteered in November 2011)

"I came upon a launching ceremony at a local shipyard and sensed some hope while feeling despair in the face of the devastation."
Takashi Sugiura, Sojitz Corporation
(Volunteered in November 2011)

Reports on the Sojitz Corporate Website

- The Great East Japan Earthquake and Tsunami Reconstruction/Monetary Donations
- Sojitz Reconstruction and Education Fund
- Vehicle Donation to Support Recovery Efforts

For details, please refer to the following URL:
http://www.sojitz.com/en/csr/contribute/shinsai.html

Promotion of CSR Supply Chain Management

Objectives of Planned Initiatives

- Spread, instill and promote the Sojitz Group CSR Action Guidelines for Supply Chains
- Enhance communication with suppliers

Basic Approach

The Sojitz Group conducts a broad range of businesses through its global supply chains, and sees promotion of CSR in the supply chains as an important issue. In April 2010, we formulated the Sojitz Group CSR Action Guidelines for Supply Chains based on the Ten Principles of the United Nations Global Compact. We share the concept of the guidelines with our suppliers in order to do business together in harmony with society and the environment.

Sojitz Group CSR Action Guidelines for Supply Chains (Excerpt)

1. We shall respect the human rights of employees, and never treat employees in an inhumane manner.
2. We shall prevent forced labor, child labor and unfair low-wage labor.
3. We shall not practice discrimination in hiring and employment.
4. We shall respect the rights of employees to organize for smooth negotiation between labor and management.
5. We shall strive to provide employees with a safe, sanitary and healthy work environment.
6. In the course of conducting business activities, we shall duly consider the need to conserve ecosystems as well as local and global environments, and strive to prevent the occurrence of any environmental pollution.
7. We shall observe all relevant laws and regulations, ensure fair transactions and prevent corruption.
8. We shall ensure the quality and safety of products and services.
9. We shall disclose information regarding the above items in a timely and appropriate manner.

Main Initiatives and Progress in the Year Ended March 31, 2012

Expanding and Deepening Communication with Key Suppliers

In 2012, Sojitz Corporation, core Group operating companies in Japan and our five overseas regions conducted questionnaires of key suppliers on their CSR initiatives. The number of companies surveyed, including second-tier suppliers, was increased to 214 from 56 companies in the previous fiscal year. At the same time, we disclosed our own status to suppliers with the aim of deepening communication.

On-site Surveys of Suppliers

In the year ended March 31, 2012, we sent our staff to four suppliers in China to conduct on-site reviews and communicate face-to-face. Such on-site surveys are conducted to consolidate mutual understanding.

A Supplier's View

Today, CSR initiatives are essential to business growth. For example, improvement of working conditions stabilizes employment for companies as members of global society. Moreover, Pinghu Xinchengda Garments emphasizes dialogue with stakeholders in promoting CSR activities. Working toward ongoing improvement in awareness through dialogue with both employees and business partners is conducive to long-term mutual benefits.

Tao Xue Qin (right)
Vice President
Pinghu Xinchengda Garments Co., Ltd.

Future Initiatives

We will continue to expand and deepen the scope of our questionnaires and on-site surveys of key suppliers. We will also enhance collaboration with all of our stakeholders to achieve the steady spread and routine promotion of CSR initiatives in accordance with the CSR Action Guidelines for Supply Chains at all business sites in Japan and overseas.

Reports on the Sojitz Corporate Website

- Inculcation of CSR Action Guidelines for Supply Chains
- Supplier Surveys
- Visits to Suppliers
- Sojitz Group CSR Seminars

For details, please refer to the following URL:
http://www.sojitz.com/en/csr/approach/supply.html

Promotion of Businesses That Contribute to Preventing Climate Change

Objectives of Planned Initiatives

- Promotion of environment and renewable energy businesses
- Focus on smart city business

Basic Approach

Given the search for global sustainable growth, Sojitz is helping to prevent global climate change by developing environment and renewable energy businesses on a company-wide basis.

Main Initiatives and Progress in the Year Ended March 31, 2012

Contributing to the Advancement of Next-Generation Technologies

Sojitz is cooperating with Sojitz Research Institute, Ltd., Sojitz Kyushu Corporation and companies in Nagasaki prefecture in conducting verification of next-generation technologies using a smart grid (next-generation electricity transmission network) at Huis Ten Bosch theme park in Nagasaki Prefecture. This project was selected as a Next-Generation Energy Technology Verification Project by the New Energy Promotion Council. Its purpose is to construct and systematize the operation of smart cities to reduce electric power consumption and increase the region's electricity self-sufficiency using renewable energy.

During the three-year trial period from April 2011 to March 2014, systems incorporating information and communication technologies (ICT) such as smart meters (next-generation power meters) and motion sensors will be installed at Huis Ten Bosch in addition to the existing solar power generation facilities and cogeneration systems. The project also involves developing services that promote behavioral changes among Huis Ten Bosch employees and visitors to reduce the amount of electricity they use and making power supply and demand forecasts for the entire theme park. The aim is to formulate a model that optimizes the power supply and demand balance. Ultimately, this model will be considered for use in other regions of Japan and in other countries.

While contributing to the development of a low-carbon society and creation of social systems that maintain an optimal balance between power supply and demand, the project will support the region's industrial development through trials based on various scenarios tailored to regional lifestyles and by furthering collaboration with businesses in Nagasaki prefecture.

Solar panels installed at Huis Ten Bosch

Future Initiatives

Sojitz will continue to emphasize initiatives in the environment business that contribute to preventing climate change, a global issue. Businesses such as renewable energy and infrastructure improvement are also among the business focus areas of the Medium-term Management Plan 2014 – Change for Challenge, in which Sojitz will prioritize allocation of resources.

Reports on the Sojitz Corporate Website

- Bioethanol Business in Brazil
- Solar-power Related Business

For details, please refer to the following URL:
http://www.sojitz.com/en/csr/divisions/p01.html

- Initiatives in Biodiversity

For details, please refer to the following URL:
http://www.sojitz.com/en/csr/divisions/p04.html

- Environmental Policy
- Environmental Management
- Initiatives in Our Offices

For details, please refer to the following URL:
http://www.sojitz.com/en/csr/environment/index.html

Promotion of Businesses That Contribute to the Advance of Developing and Emerging Countries

Objectives of Planned Initiatives

- Take advantage of our comprehensive strengths as a general trading company to establish economic and social infrastructure
- Promote environmental protection and improvement in developing and emerging countries

Basic Approach

Addressing Social Issues through Business

A variety of issues, including food and energy supply, environmental protection and the establishment of economic and social infrastructure, must be addressed and resolved in order to achieve development and growth in developing and emerging countries.* Sojitz conducts businesses in various fields that help to resolve social issues.

* Developing and emerging countries as defined by the International Monetary Fund.

Main Initiatives and Progress in the Year Ended March 31, 2012

Establishment of a Compound Feed Business in Southeast Asia

In Vietnam, Sojitz established Kyodo Sojitz Feed Company Limited (KSF) in a consortium with one of the leading Japanese manufacturers of compound feed for swine, Kyodo Shiryo Co., Ltd., and commenced construction of a new feed mill. This is the first time for a Japanese company to enter the compound feed manufacturing and trading business in Vietnam. KSF will deploy original technology and know-how to manufacture compound feed with a blend of various ingredients that is optimal for raising healthy livestock with high-quality meat. In order to meet expanding demand for meat in Vietnam, which is intensified by population growth, Sojitz will support successful, effective swine farming by supplying compound feed that utilizes reputable technologies.

Sojitz has also entered the feed business in Cambodia by acquiring 10% of the shares of Sichuan New Hope Agribusiness (Cambodia) Co. Ltd., a subsidiary of the largest Chinese livestock and feed manufacturing company, New Hope Liuhe Co. Ltd.

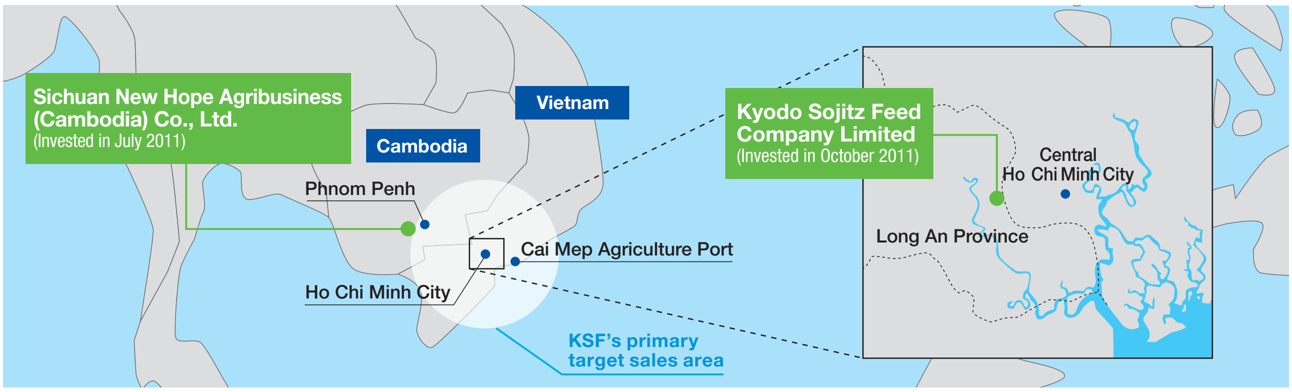
Furthermore, Sojitz is leveraging its feed business value chain by supplying cost-competitive feed materials to the Mekong River region (mainly to Cambodia and Vietnam) via Cai Mep Agriculture Port, ASEAN's largest grain transshipment facilities owned by Sojitz's subsidiary Interflour Vietnam Ltd.

Port facilities of Interflour Vietnam Ltd.

Establishment of Industrial Parks in Emerging Countries

In many cases, emerging countries in Asia do not have sufficient industrial infrastructure, which limits industrial development. Sojitz is establishing industrial infrastructure

■ Compound Feed Companies in Southeast Asia



Industrial Parks in Asia

by developing industrial parks, which contributes to the promotion of local industry and employment expansion while supporting the advance of overseas companies into emerging countries.

For example, Sojitz is developing the Greenland International Industrial Center (GIIC) in Indonesia. We expanded our original development plan by 300 hectares as a result of rapid economic growth in Indonesia, and intend to increase the area of the industrial park to a total of 1,300 hectares. The lots are sold to Japanese and other foreign companies, particularly those in rapidly growing manufacturing industries such as motorcycle and automobile components, consumer electronics and consumer nondurables. We also provide various transplant assistance services while constructing production bases for ongoing economic development in the ASEAN region.

Artist's conception of GIIC

In Vietnam, Sojitz developed the Loteco Industrial Park (Loteco) in Dong Nai Province in 1996, and is now operating it. We also invested in Long Duc Investment Co., Ltd., with the aim of developing the Long Duc Industrial Park located in the same province as Loteco. The company started development in February 2012 and plans to complete infrastructure in summer 2013, at which time tenants can start production.

Sojitz will develop the Sojitz-Motherson Industrial Park (SMIP) on the outskirts of Chennai, Tamil Nadu, India through a joint venture with the Motherson Group. Construction is scheduled to start in spring 2013, with infrastructure completion and commencement of tenant production planned in summer 2014.

Future Initiatives

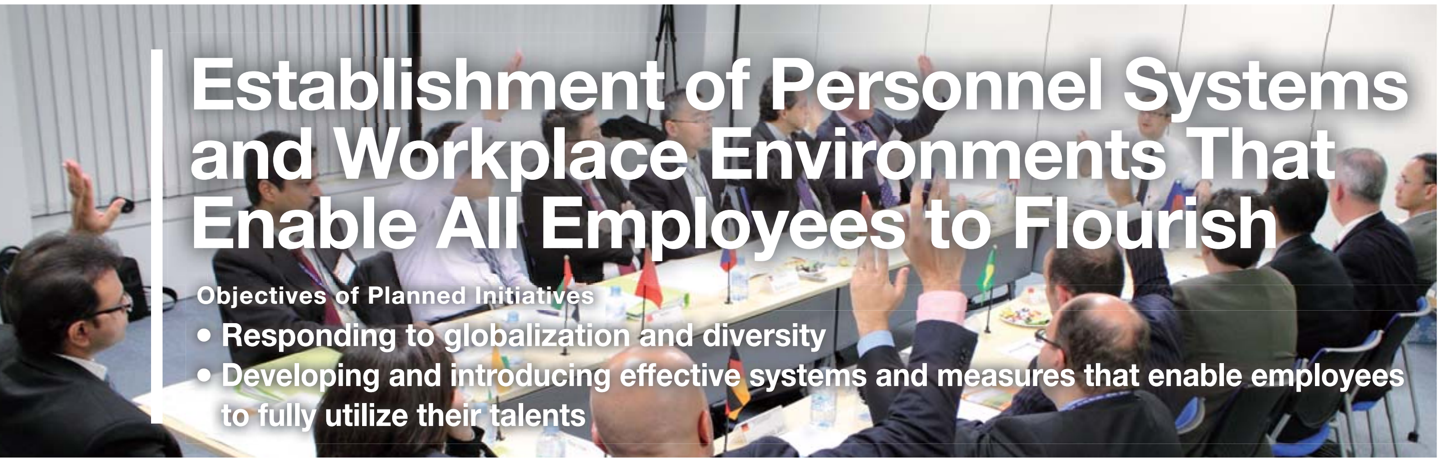
Population growth has made increasing food production a global issue. Sojitz is therefore moving aggressively to produce fertilizers, which are essential to efficient, sustainable agriculture. For example, in the Republic of Tatarstan, Russia, we are cooperating in the construction of a large fertilizer plant. The plant will use technology for recovering CO_2 generated in production processes to raise production efficiency.

In addition, Sojitz focuses on sustainability by conducting afforestation activities in conjunction with its woodchip processing business. For many years, Sojitz has been distributing free seedlings to farmers and students in Vietnam, then purchasing the mature trees as raw materials for processing in our four local woodchip plants. This activity contributes to development of local communities by reviving degraded land and educating students about the environment. Moreover, in Mozambique, Sojitz plans to perform business activities connected with tree-planting through its new woodchip processing plant.

Reports on the Sojitz Corporate Website

- Contributing to Industrial Development in the Republic of Tatarstan
- Contributing to the Development of Local Communities through Tree-Planting Activities

For details, please refer to the following URL:
http://www.sojitz.com/en/csr/divisions/p02.html



Establishment of Personnel Systems and Workplace Environments That Enable All Employees to Flourish

Objectives of Planned Initiatives

- Responding to globalization and diversity
- Developing and introducing effective systems and measures that enable employees to fully utilize their talents

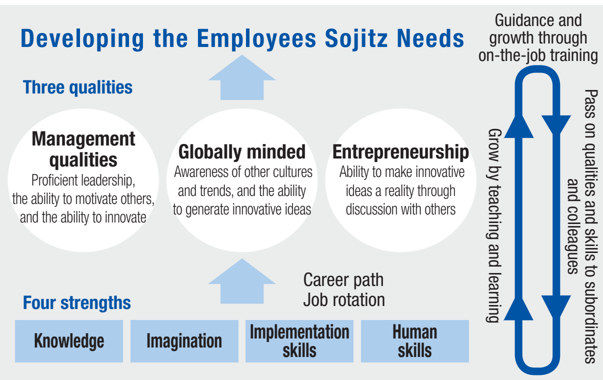
The Sojitz Group's Approach to Human Resources

The Sojitz Group understands that its growth and development depend on its employees. Accordingly, we are enhancing our personnel and employee development systems to make Sojitz a rewarding company to work for, as well as a company that creates fulfilling workplace environments that support a diversity of people and work styles.

A Rewarding Company

Enhancing the Personnel System

Sojitz wants self-driven people who will create a more affluent society by combining four strengths and three qualities to improve the organizational capabilities of the Sojitz Group. We are focusing on programs to develop and enhance our talent and on making Sojitz a company that employees find rewarding as well as one where they can grow and flourish.



Diverse Training Programs

Sojitz has a full menu of training programs to help employees efficiently acquire the skills necessary to meet the demands of a constantly changing business environment. At the same time, we provide opportunities for employees to reflect on their growth and consider their future career paths. To respond to the globalization of our business, we give particular priority to training young head office employees and overseas executive candidates.

Short-term Overseas Trainee Dispatch System

In addition to its language training, MBA and other study abroad programs, Sojitz launched a program in the year ended March 31, 2012 that allows all young employees to gain practical experience overseas for one to six months while they are in their early years in the Company. The goals of this program include helping employees to develop a global perspective, understand different cultures and overseas market trends, build a network of contacts, and learn about overseas corporate governance systems.

Job Rotation and Internal Recruiting Systems

Sojitz employs a job rotation system so that employees can acquire broad knowledge and experience from a medium-to-long-term perspective, which enables a higher level of independent action and a more dynamic workplace. In addition, we use an internal recruiting system introduced in the year ended March 31, 2006 to help employees shape and achieve their own career plans.

Fulfilling Workplace Environments

Promoting Work-Life Balance

Sojitz has various support systems to enable employees to balance work with child and nursing care. Child care systems include extended child care leave, a system of shortened work hours for employees raising children, a program to support employees returning to work after child care leave, and a subsidy program for the use of babysitters. The number of male employees using these programs is also increasing, and Sojitz has received the *Kurumin* mark from the Ministry of Health, Labour and Welfare for its support in raising the next generation of children.

Sojitz also offers a range of nursing care programs that increase the number of family care leave days, reduce working hours for caregivers, allow employees to take leave for family care multiple times, and re-hire employees who leave the Company to care for family members. In addition, we have introduced a nursing care consultation hotline and a remote nursing care support program. These systems help to create fulfilling working environments.

Promoting Diversity

To enable female employees to more fully utilize their capabilities, Sojitz initiated comprehensive training for women in the year ended March 31, 2010, and has conducted it five times as of March 31, 2012. In response to the age of full-fledged globalization, the Sojitz head office also started hiring non-Japanese graduates from overseas as well as Japanese universities.

Sojitz has established a new company to promote employment of people with disabilities. In the year ending March 31, 2013, we plan to apply for certification of this company as a special subsidiary under the Act on Employment Promotion of Persons with Disabilities.

Comprehensive training for women

Extending the Human Resource Strategies to Global and Group Companies

Global Strategy

Sojitz conducts a Global Next Leaders Development Program (GNLD) in Tokyo, where intensive training is provided in subjects necessary for future leaders. The program also provides an opportunity for dialogue with head office employees. In the first GNLD, 15 local employees from 11 countries came to the head office in Tokyo to receive this training. The Sojitz Group is also steadily implementing initiatives to fast track development and promotion of overseas executives. These initiatives include formulation of individual career development plans and a system of training at the head office. Furthermore, we are accelerating global human resource development in Japan and overseas. Such initiatives include expansion of training to improve the English communication skills of head office staff.

A communications training session of the Global Next Leaders Development Program

Group Strategy

In addition to cross-Group training for executives and managers of Sojitz Group companies, regular employees of Group companies receive the same basic training and risk management training as head office employees, including a part of the introductory training curriculum for new head office employees. Additionally, the head office also accepts trainees from Group companies; these and other measures help to develop our talent and create networks throughout the Sojitz Group.

Future Initiatives

Responding to globalization and diversity is also a key theme in the Medium-Term Management Plan 2014 – Change for Challenge, which started in the year ending March 31, 2013. We will proactively develop and introduce effective systems and measures that enable all Sojitz Group employees to fully utilize their talents regardless of characteristics such as race, nationality, gender or age.

Comments from Employees

Short-term Overseas Trainee Dispatch System

Tetsuo Moriyama, IT Planning Section 1, IT Planning Division

"On the front lines of the Middle East and Africa business, I was able to provide support from the standpoint of information technology (IT) and acquire practical experience that would have been hard to get if I had just stayed in Tokyo. The local business environment, culture and way of thinking are quite different, so solving each IT-related problem took a lot of work, but I hope to use this experience in my approach on the job. "

Global Next Leaders Development (GNLD) Program

Antonio Laforgia, Sojitz Europe plc, Milan Branch

"The GNLD was a really good and exciting experience for me. I personally acquired more knowledge of the company. However, in order to improve the process, more round tables should be organized. A real change can only happen if people make an effort to engage in real brainstorming and are invited to discuss."

Feng Gao, Sojitz (Qingdao) Co., Ltd.

"I was lucky to be a member of the first GNLD. In the eight-day program and two days of on-the-job-training, I not only acquired knowledge from teachers, but I and my 14 colleagues also strengthened our communication and mutual understanding. I was moved by the passion and motivation in the program and believe such spirit will encourage all of us to continue pursuing challenging new targets in our future careers."

Reports on the Sojitz Corporate Website

- Diverse Training Programs
- Promoting Work-Life Balance
- Various Systems
- Labor-Management Relations

For details, please refer to the following URL:
http://www.sojitz.com/en/csr/employee/index.html

Performance Data

For the Year Ended March 31, 2012

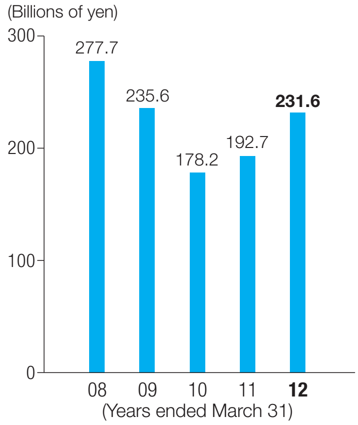
Gross Trading Profit
+20.2%

Ordinary Income
+37.3%

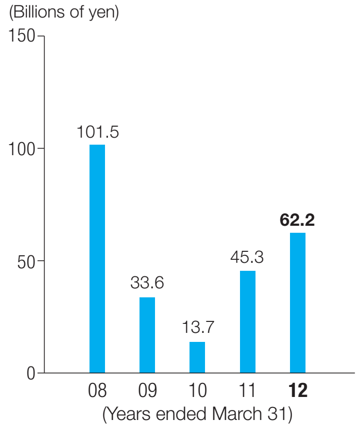
Net DER
2.1 times

Dividends per Share
¥3.00

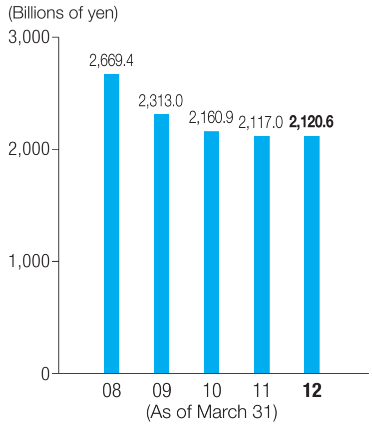
● **Gross Trading Profit**



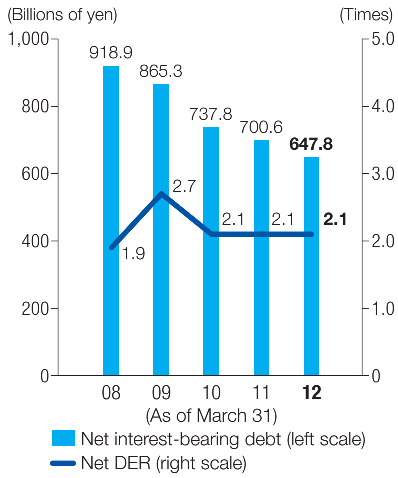
● **Ordinary Income**



● **Total Assets**



● **Net Interest-bearing Debt and Net DER**



Key Factors in Financial Results

In the economic environment in the year ended March 31, 2012, Europe's protracted debt crisis triggered an economic slowdown in the euro zone, while the pace of growth weakened in some emerging countries that had been driving the global economy. However, the Sojitz Group's businesses generally posted steady growth. The main factors driving earnings growth in each business division were as follows.

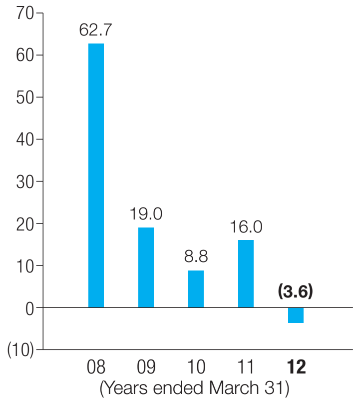
- **Machinery Division:** Increased sales volume at overseas automotive operating subsidiaries, growth in plant exports, etc.
- **Energy & Metal Division:** Higher prices and increased production volumes for oil and coal, etc.
- **Chemicals Division:** Increases in chemical and plastics trading volumes and prices in Asia, etc.
- **Consumer Lifestyle Business Division:** Growth in trading volume of livestock feed ingredients, restructuring of low-profit businesses, etc.

In the year ended March 31, 2012, the Sojitz Group aligned the various fiscal year-ends of its major overseas consolidated subsidiaries with the fiscal year-end of the parent company, Sojitz Corporation. As a result, the accounting period of these consolidated subsidiaries for the year ended March 31, 2012 spans a 15-month period. Consequently, ordinary income for the year ended March 31, 2012 increased 37.3% year-on-year to ¥62.2 billion (using the twelve-month period excluding the effect of the change in fiscal year-end, ordinary income increased 19.6% year-on-year).

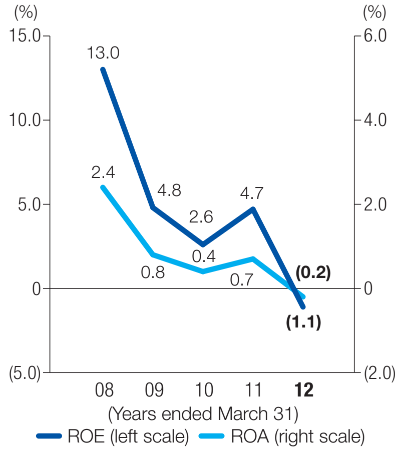
However, net loss was ¥3.6 billion because of a reversal of deferred tax assets.

Shareholders' equity as of March 31, 2012 decreased ¥24.1 billion from a year earlier to ¥305.9 billion, but net interest-bearing debt decreased ¥52.8 billion to ¥647.8 billion. The net debt equity ratio therefore was unchanged at 2.1 times as Sojitz continued to maintain a sound financial position.

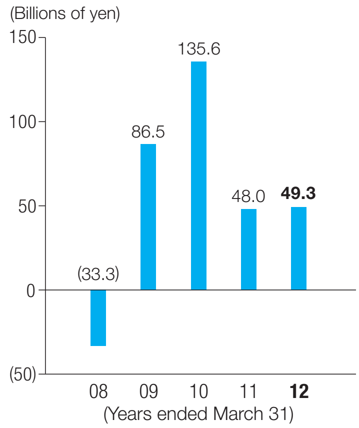
● Net Income (Loss)



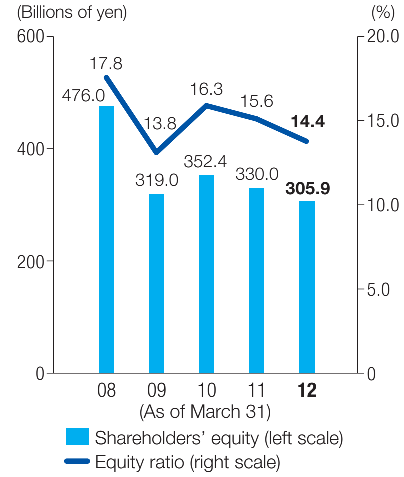
● ROA and ROE



● Free Cash Flow

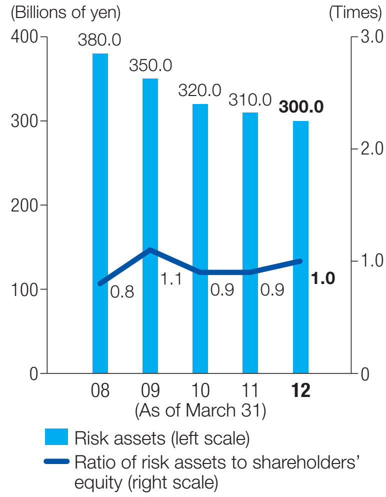


● Shareholders' Equity[1] and Equity Ratio

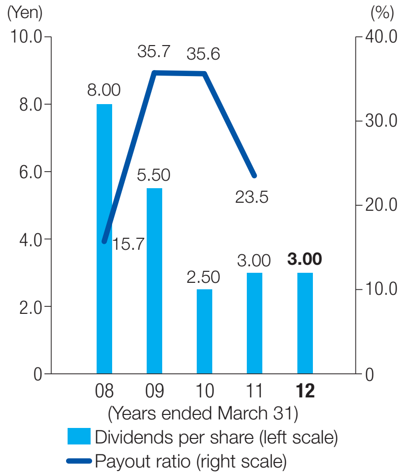


1. Shareholders' equity = Total net assets − Minority interests

● Risk Assets and Ratio of Risk Assets to Shareholders' Equity

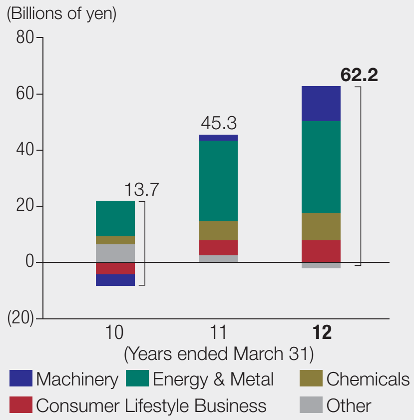


● Dividends per Share[2] and Payout Ratio



2. Calculated based on annual dividends applicable to common shares issued and outstanding as of March 31

● Segment Ordinary Income



Sojitz Corporation's Ratings

(As of March 31, 2012)

Name of Rating Agency	Issuer Credit Ratings	Senior Unsecured Debt Ratings	Short-term Ratings
Japan Credit Rating Agency, Ltd. (JCR)	BBB	BBB	J-2
Moody's Investors Service	Baa3	—	—
Rating and Investment Information, Inc. (R&I)	BBB	—	a-2
Standard & Poor's (S&P)	BBB-	BBB	—

Environmental and Social Data

● Environmental Data

	Year Ended March 31, 2010	Year Ended March 31, 2011	Year Ended March 31, 2012
Electricity consumption (thousand kWh)[1]	3,044	3,031	2,265
CO_2 emissions (t-CO_2)[1, 2, 3]	1,143	1,140	847
Total office floor area (thousand m^2)[1]	26.7	29.8	28.9
CO_2 emissions per m^2 (t)[1]	42.9	38.2	29.3
CO_2 emissions from distribution (t-CO_2)[4]	10,000	10,400	9,510
Waste generated (t)[5]	308	327	328
Waste recycled (t)[5]	254	249	276
Amount of final disposal (t)[5]	54	78	52
Recycling rate (%)[5]	82	76	84

Notes: 1. Scope of data: Head office, Osaka Office, Hokkaido Branch, Tohoku Branch and Nagoya Branch of Sojitz Corporation
2. Electricity is converted into CO_2 emissions based on coefficients announced annually by the Federation of Electric Power Companies. The figure for the year ended March 31, 2012 uses the CO_2 emissions coefficient for the year ended March 31, 2011.
3. CO_2 emissions including all emissions of the Osaka Office building (owned by Sojitz Corporation) were 1,694 t-CO_2 in the year ended March 31, 2011 and 1,502 t-CO_2 in the year ended March 31, 2012.
4. As per the Act on the Rational Use of Energy, CO_2 emissions from distribution in Japan for which Sojitz is considered to be the cargo owner
5. Scope of data: Head office and Osaka Office of Sojitz Corporation

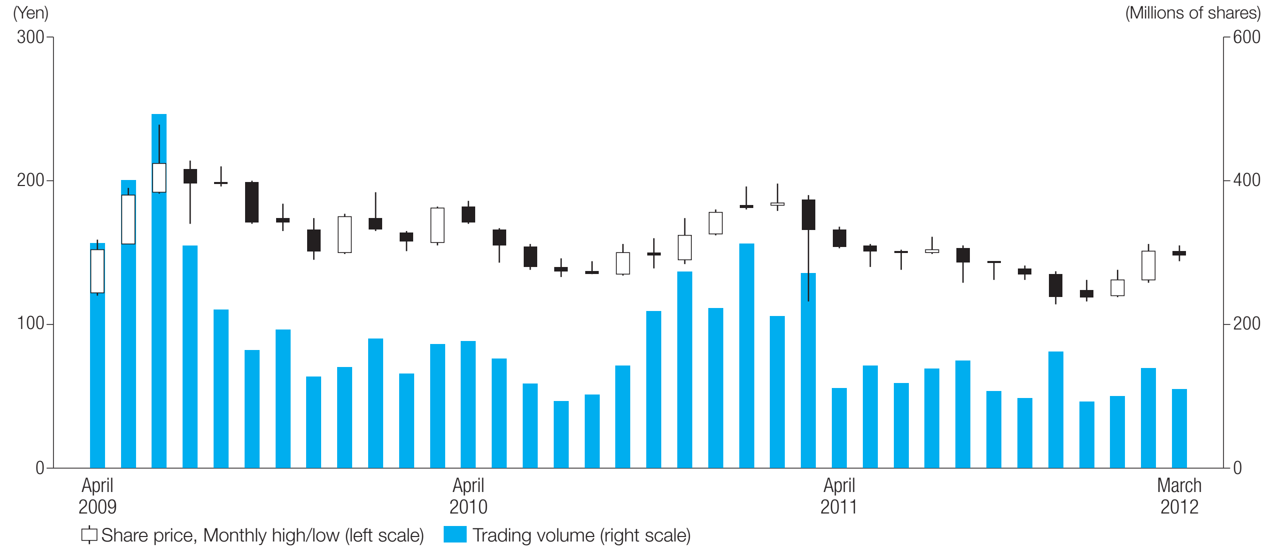
● Social Data

	Year Ended March 31, 2010	Year Ended March 31, 2011	Year Ended March 31, 2012
Total employees taking child care leave	11	10	15
(Male)	3	2	2
(Female)	8	8	13
Percentage of annual paid holidays taken (%)	39	41	45.5
Percentage of disabled employees (%)	2.0	1.8	2.0
Total employees[1]	2,295	2,254	2,256
(Male)	1,843	1,815	1,806
(Female)	452	439	450
Average employee age[1]	41.1	41.4	41.5
(Male)	41.3	41.2	41.9
(Female)	40.1	39.6	39.9
Average years of employee service (%)	14.1	14.6	14.6
(Male)	14.3	14.8	14.8
(Female)	14.0	14.3	13.6
Turnover rate (%)	5.7	2.6	5.1
Total new graduates hired	91	56	54
(Male)	66	39	34
(Female)	25	17	20
Employees using open job posting system[2]	14	20	9
Employees union membership rate (%)	64	64	63
Persons receiving training (cumulative total)	approx. 2,700	approx. 9,500	approx. 8,000
Hours of training	approx. 37,000	approx. 33,000	approx. 33,000
Average hours of training per employee[2]	approx. 16	approx. 15	approx. 15
Employees using volunteer support system	–	–	83
Employees taking leave to volunteer	–	–	17
Supplier questionnaires conducted[3]	–	56	214

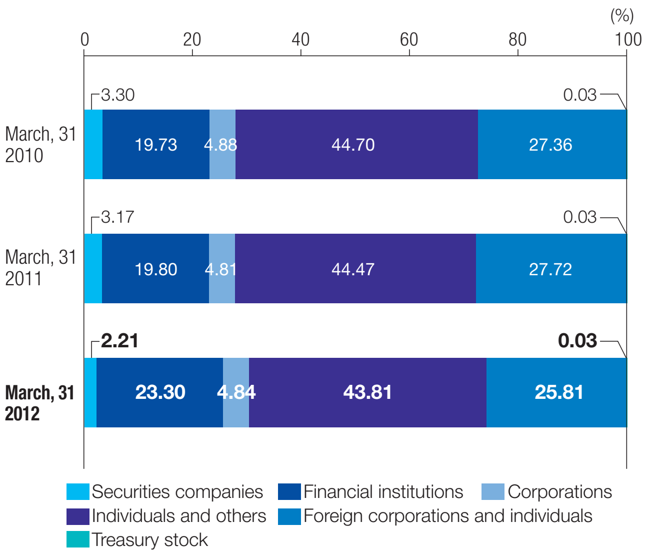
Notes: 1. Includes full-time contract employees
2. "Employees" excludes directors, executive officers, corporate auditors and employees retired as of March 31.
3. Please refer to page 66, "Promotion of CSR Supply Chain Management" for details regarding the number of supplier questionnaires conducted.

Investor Information

● Monthly Share Price Range and Trading Volume



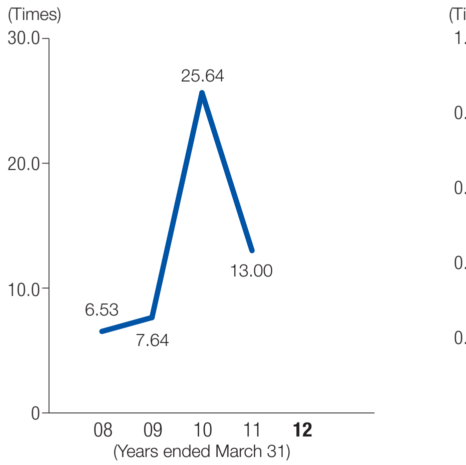
● Composition of Shareholders (By number of shares)



● Major Shareholders (As of March 31, 2012)

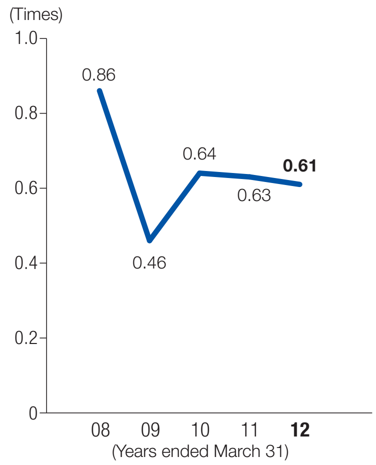
Name	Number of Shares Held (Thousands)	% of Shares Outstanding
Japan Trustee Services Bank, Ltd.	167,421	13.38
The Master Trust Bank of Japan, Ltd.	58,500	4.68
Trust & Custody Services Bank, Ltd.	24,473	1.96
State Street Bank and Trust Company 505225	18,192	1.45
SSBT OD05 OMNIBUS ACCOUNT–TREATY CLIENTS	16,008	1.28
Mellon Bank, N.A. as Agent for its Client Mellon Omnibus US Pension	15,569	1.24
Nomura Singapore Limited Customer Segregated A/C FJ-1309	11,490	0.92
Juniper	10,489	0.84
State Street Bank - West Pension Fund Clients - Exempt	9,738	0.78
State Street Bank and Trust Company 505103	8,665	0.69

● Price/Earnings Ratio[1] (PER)



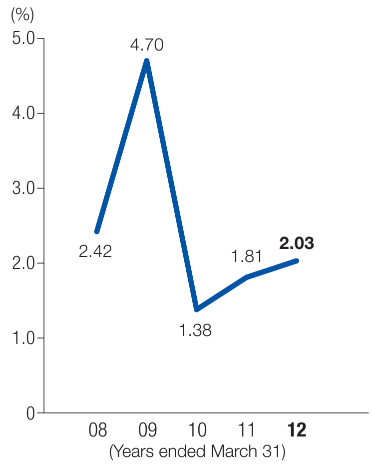
1. Price/Earnings Ratio = Closing stock price at fiscal year-end/Fully diluted net income per share

● Price/Book Ratio[2] (PBR)



2. Price/Book Value Ratio = Closing stock price at fiscal year-end/Net assets per share

● Dividend Yield



Organization

Organization Chart

(As of April 1, 2012)

- General Shareholders' Meeting
  - Board of Corporate Auditors / Corporate Auditors
    - Corporate Auditor's Office
  - Board of Directors
    - Nomination Committee
    - Remuneration Committee
  - Chairman
  - President & CEO
    - Management Committee
    - Internal Audit Dept.
    - Risk Management Planning Dept.
    - Risk Management Dept. 1
    - Risk Management Dept. 2
    - Legal Dept.
    - Internal Control Administration Dept.
    - IT Planning Dept.
    - Finance Dept.
    - Forex & Securities Dept.
    - Structured Finance Dept.
    - Corporate Accounting Dept.
    - Asset Management Dept.
    - Human Resources & General Affairs Dept.
    - Public Relations Dept.
    - Corporate Planning Dept.
    - Regional Coordination & Administration Dept.
    - Investor Relations Office
    - Logistics & Insurance Dept.
    - Secretariat Dept.

Machinery Division

• Planning & Administration Office
• Environment & Urban Infrastructure Development Office
• IT Business Dept.

Automotive Unit
• Automotive Dept. 1 • Automotive Dept. 2
• Automotive Dept. 3

Infrastructure Project & Industrial Machinery Unit
• Power Project Dept. • Plant Project Dept.
• Industrial Machinery & Bearing Dept.

Marine & Aerospace Unit
• Aerospace Dept. • Marine Business Dept.

Energy & Metal Division

• Planning & Administration Office
• Controller Office

Energy Unit
• Energy Development Dept. • Energy Trading Dept. • LNG Dept.

Coal & Nuclear Unit
• Coal Dept. • Nuclear Energy Dept.

Steel & Mineral Resources Unit
• Steel Business Dept. • Ferroalloys Dept. • Industrial Minerals Dept.
• Non-Ferrous & Precious Metals Dept.

Chemicals Division

• Planning & Administration Office
• Life Science Business Development Office

Chemicals Unit
• Basic Chemicals Dept. • Speciality Chemicals Dept.

Ecological Materials & Resources Unit
• Chemical Resources Dept. • Advanced Materials Dept. • Osaka Businss Dept.

Consumer Lifestyle Business Division

• Planning & Administration Office

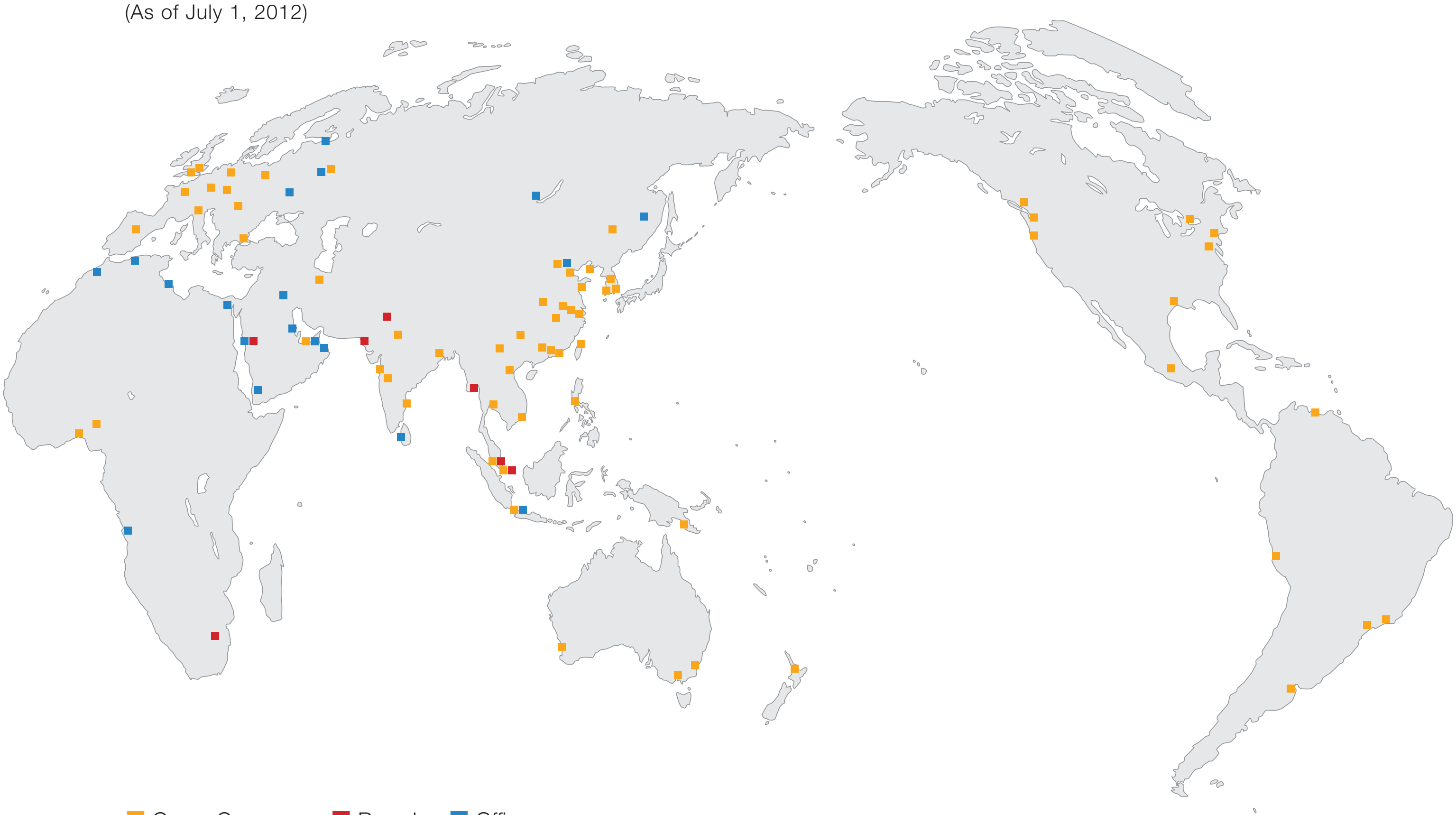
Foods Resources Unit
• Quality Assurance Office • Grain & Feed Material Dept. • Foodstuffs Dept.

Agriculture & Forest Resources Unit
• Agribusiness Dept. • Forest Products Dept.

Consumer Service & Development Unit
• Consumer Goods Distribution Business Dept. • Textile Business Dept.
• Overseas Construction Development Sect.

Principal Operating Bases

(As of July 1, 2012)



Group Company Branch Office

JAPAN	
Sapporo	Sojitz Corporation, Hokkaido Branch
Sendai	Sojitz Corporation, Tohoku Branch
Nagoya	Sojitz Corporation, Nagoya Branch
Fukuoka	Sojitz Kyushu Corporation
	Sojitz Corporation, Kyushu Branch
Nagasaki	Sojitz Kyushu Corporation, Nagasaki Branch
Naha	Sojitz Kyushu Corporation, Naha Branch

CHINA	
Beijing	Sojitz (China) Co., Ltd.
	Sojitz Corporation, Beijing Office
Chongqing	Sojitz (China) Co., Ltd., Chongqing Office
Dalian	Sojitz (Dalian) Co., Ltd.
Guangzhou	Sojitz (Guangzhou) Co., Ltd.
Harbin	Sojitz (Dalian) Co., Ltd., Harbin Office
Hong Kong	Sojitz (Hong Kong) Ltd.
Kunming	Sojitz (Hong Kong) Ltd., Kunming Office
Nanjing	Sojitz (Shanghai) Co., Ltd., Nanjing Office
Qingdao	Sojitz (Qingdao) Co., Ltd.
Shanghai	Sojitz (Shanghai) Co., Ltd.
Shenzhen	Sojitz (Hong Kong) Ltd., Shenzhen Office
Suzhou	Sojitz (Shanghai) Co., Ltd., Suzhou Office
Tianjin	Sojitz (Tianjin) Co., Ltd.
Wuhan	Sojitz (China) Co., Ltd., Wuhan Office
Xi'an	Sojitz (China) Co., Ltd., Xi'an Office

Principal Operating Bases

ASIA & OCEANIA

Australia	
Melbourne	Sojitz Australia Ltd., Melbourne Branch
Perth	Sojitz Australia Ltd., Perth Branch
Sydney	Sojitz Australia Ltd.
India	
Mumbai	Sojitz India Private Ltd., Mumbai Branch
New Delhi	Sojitz India Private Ltd.
Pune	Sojitz India Private Ltd., Pune Office
Chennai	Sojitz India Private Ltd., Chennai Branch
Kolkata	Sojitz India Private Ltd., Kolkata Branch
Indonesia	
Jakarta	PT. Sojitz Indonesia
	Sojitz Corporation, Jakarta Liaison Office
Korea	
Kwangyang	Sojitz Korea Corporation, Kwangyang Office
Pohang	Sojitz Korea Corporation, Pohang Office
Seoul	Sojitz Korea Corporation
Malaysia	
Kuala Lumpur	Sojitz (Malaysia) Sdn. Bhd.
	Sojitz Corporation, Kuala Lumpur Branch
Myanmar	
Yangon	Sojitz Corporation, Yangon Branch
New Zealand	
Auckland	Sojitz New Zealand Ltd.
Pakistan	
Karachi	Sojitz Corporation, Karachi Branch
Lahore	Sojitz Corporation, Karachi Branch, Lahore Liaison Office
Papua New Guinea	
Port Moresby	Sojitz Australia Ltd., Port Moresby Office
Philippines	
Manila	Sojitz Philippines Corporation
Singapore	
	Sojitz Asia Pte. Ltd.
	Sojitz Corporation, Singapore Branch
Sri Lanka	
Colombo	Sojitz Corporation, Colombo Liaison Office
Taiwan	
Taipei	Sojitz Taiwan Corporation
Thailand	
Bangkok	Sojitz (Thailand) Co., Ltd.
Vietnam	
Hanoi	Sojitz Vietnam Company Ltd., Hanoi Branch
Ho Chi Minh	Sojitz Vietnam Company Ltd.

THE AMERICAS

Argentina	
Buenos Aires	Sojitz Argentina S.A.
Brazil	
Rio de Janeiro	Sojitz do Brasil S.A., Rio de Janeiro Branch
Sao Paulo	Sojitz do Brasil S.A.
Canada	
Toronto	Sojitz Canada Corporation, Toronto Office
Vancouver	Sojitz Canada Corporation
Mexico	
Mexico City	Sojitz Mexicana S.A. de C.V.
Peru	
Lima	Sojitz Corporation of America, Lima Office
U.S.A.	
Houston	Sojitz Corporation of America, Houston Branch
New York	Sojitz Corporation of America
Portland	Sojitz Corporation of America, Portland Branch
Seattle	Sojitz Corporation of America, Seattle Branch
Washington, D.C.	Sojitz Corporation of America, Washington Branch
Venezuela	
Caracas	Sojitz Venezuela C.A.

EUROPE, RUSSIA & NIS

Czech Republic	
Prague	Sojitz Europe plc, Prague Office
France	
Paris	Sojitz Europe plc, Paris Branch
Germany	
Dusseldorf	Sojitz Europe plc, Dusseldorf Branch
Hamburg	Sojitz Europe plc, Hamburg Office
Hungary	
Budapest	Sojitz Europe plc, Budapest Office
Italy	
Milan	Sojitz Europe plc, Milan Branch
Poland	
Warsaw	Sojitz Europe plc, Warsaw Office

Russia	
Irkutsk	Sojitz Corporation, Moscow Liaison Office, Irkutsk Office
Khabarovsk	Sojitz Corporation, Khabarovsk Liaison Office
Moscow	Sojitz LLC
	Sojitz Corporation, Moscow Liaison Office
Saint-Petersburg	Sojitz Corporation, Saint-Petersburg Liaison Office
Spain	
Madrid	Sojitz Europe plc, Madrid Branch
Turkey	
Istanbul	Sojitz UK plc, Istanbul Branch
U.K.	
London	Sojitz Europe plc
	Sojitz UK plc
Ukraine	
Kyiv	Sojitz Corporation, Kyiv Representative Office

MIDDLE EAST & AFRICA

Algeria	
Algiers	Sojitz Corporation, Alger Liaison Office
Angola	
Luanda	Sojitz Corporation, Luanda Liaison Office
Egypt	
Cairo	Sojitz Corporation, Cairo Liaison Office
Iran	
Tehran	Sojitz Corporation Iran Ltd.
Iraq	
Baghdad	Sojitz Corporation, Baghdad Liaison Office
Libya	
Tripoli	Sojitz Corporation, Tripoli Liaison Office
Morocco	
Casablanca	Sojitz Corporation, Casablanca Liaison Office
Nigeria	
Abuja	Sojitz Global Trading Nigeria Ltd., Abuja Office
Lagos	Sojitz Global Trading Nigeria Ltd.
Oman	
Muscat	Sojitz Corporation, Muscat Liaison Office
Saudi Arabia	
Al-Khobar	Sojitz Corporation, Al-Khobar Liaison Office
Jeddah	Sojitz Corporation, Jeddah Branch
	Sojitz Corporation, Al-Khobar Liaison Office, Jeddah Office
South Africa	
Johannesburg	Sojitz Corporation, Johannesburg Branch
U.A.E.	
Dubai	Sojitz Middle East FZE
	Sojitz Corporation, MEA Office
Yemen	
Sanaa	Sojitz Corporation, Sanaa Liaison Office

Main Subsidiaries and Affiliates

(As of July 1, 2012)

MACHINERY DIVISION

Country	Company	Group Ownership	Main Business
JAPAN	Nissho Electronics Corporation	100.00%	Providing leading-edge IT solutions and services
	Nissin Gas Engineering Ltd.	30.00%	Sale of LPG reliquefaction equipment, heat exchangers for LPG ships, and repair services
	SAKURA Internet Inc.	40.29%	Internet-related services
	Sendzimir Japan, Ltd.	45.00%	Design and technical guidance for all types of rolling machines and auxiliary equipment
	Sojitz Aerospace Corporation	100.00%	Import/export and Japanese sales of aerospace-related equipment, components and materials
	Sojitz Automotive & Engineering, Inc.	100.00%	Trading of tires, automotive components, and automotive equipment supporting overseas transplants
	Sojitz Machinery Corporation	100.00%	Machinery general trading company
	Sojitz Marine & Engineering Corporation	100.00%	Sale, purchase and charter brokerage of new and used vessels, ship operation management, Japanese sales and import/export of marine-related equipment and materials
	Sojitz Systems Corporation	100.00%	SI, ASP, network security and international IT business
CHINA	Changshu Showa Bearing Components Co., Ltd.	33.30%	Manufacture of lathing rings used in the production of bearings
	Hubei Qianchao Precision Components Co., Ltd.	25.00%	Manufacture of rollers and needles used in the production of bearings
	Kunshan NSK Co., Ltd.	15.00%	Manufacture and sale of bearings
	Shaoxing Asahi Bearing Co., Ltd.	20.00%	Manufacture of lathing rings used in the production of bearings
	Sojitz Machinery (Shanghai) Corporation	100.00%	Machinery general trading company
	Tangshan Caofeidian Sojitz Starway Composite Pipe Co., Ltd.	61.00%	Manufacturing of steel reinforced plastic pipe for drains
	Zhejiang Asahi Bearing Co., Ltd.	20.00%	Manufacture of lathing rings used in the production of bearings
	Zhejiang FRT Bearing Co., Ltd.	25.00%	Manufacture of lathing rings used in the production of bearings
Hong Kong	First Technology China Ltd.	100.00%	Sale and service of Fuji Machine surface-mounting machines and semiconductor-related equipment
ASIA & OCEANIA			
India	NMTronics India Pvt. Ltd.	100.00%	Sale and service of Fuji Machine surface-mounted technology (SMT) equipment
Malaysia	Fuji Smt (Malaysia) Sdn. Bhd.	25.80%	Service of Fuji Machine surface-mounting machines
Philippines	Asian Transmission Corporation	5.29%	Assembly and sale of automobile transmission engines
	Fuji Machine Philippines Inc.	86.00%	Sale and service of Fuji Machine surface-mounted technology (SMT) equipment
	Mitsubishi Motors Philippines Corporation	49.00%	Import, assembly and sale of Mitsubishi automobiles
Singapore	Fuji Machine Asia Pte. Ltd.	86.00%	Sale and service of Fuji Machine surface-mounted technology (SMT) equipment
	Howa Machinery Singapore Pte. Ltd.	39.00%	Import and sale of industrial machinery and after-sales service
Sri Lanka	Asia Power (Private) Limited	48.50%	Power generation business
Thailand	AAPICO Hitech Public Company Limited	15.75%	Automotive stamping parts design & manufacturing; die & jig design & manufacturing; automotive plastic injection molding & forging parts manufacturing; car dealership; other automotive parts design, manufacturing and sale
	Autrans (Thailand) Co., Ltd.	73.75%	Agency transport operations for automobile parts
	Hyundai Motor (Thailand) Co., Ltd.	70.00%	Import and sale of Hyundai automobiles
THE AMERICAS			
Argentina	Hyundai Motor Argentina S.A.	34.00%	Import and sale of Hyundai automobiles
Brazil	Fuji do Brasil Maquinas Industriais Ltda.	60.00%	Sale and service of Fuji Machine surface-mounted technology (SMT) equipment
Guatemala	Central Motriz, S.A.	28.00%	Import and sale of automobiles

Country	Company	Group Ownership	Main Business
Mexico	NAI Azteca S.A. de C.V.	100.00%	Investment in power generation projects
	NM Power Mexico, S.A. de C.V.	100.00%	Investment in power generation projects
Puerto Rico	Sojitz de Puerto Rico Corporation	100.00%	Import and distribution of Hyundai automobiles in Puerto Rico and U.S. Virgin Islands
U.S.A.	Autrans Corporation	100.00%	Provider of sub-assemblies and Just-in-Time delivery services for the automotive industries
	Plastic Trim International, Inc.	45.99%	Manufacturing and sales of automotive plastic trim components
	Sojitz Aerospace America Corporation	100.00%	Sale of aerospace-related equipment, components and materials
	Sojitz Printer Corporation	85.10%	Sale of printers
	Weatherford Motors, Inc.	100.00%	Franchised BMW automobile dealership
Venezuela	Autrans de Venezuela	100.00%	Import and modularization of Mitsubishi and Hyundai assembly components
	MMC Automotriz, S.A.	92.31%	Import and assembly of Mitsubishi and Hyundai automobiles
EUROPE, RUSSIA & NIS			
France	Kyowa Synchro Technology Europe S.A.S.	51.00%	Sale of synchronizers for manual transmission in Europe
Russia	Subaru Motor LLC	89.00%	Import and exclusive distribution of Subaru automobiles in Russia
Ukraine	Subaru Ukraine LLC	100.00%	Import and exclusive distribution of Subaru automobiles in Ukraine
U.K.	Solar Mixdorf Ltd.	100.00%	Investment in solar power generation projects
MIDDLE EAST & AFRICA			
U.A.E.	Blue Horizon Power International Limited	100.00%	Investment in power generation projects

ENERGY & METAL DIVISION

Country	Company	Group Ownership	Main Business
JAPAN	CoalinQ Corporation	100.00%	Operation of an online site for coal users (e-trade and information services)
	e-Energy Corporation	100.00%	Sale of nuclear fuel and equipment
	Japan-Brazil Niobium Corporation	25.00%	Investment and management of Niobium producing company
	LNG Japan Corporation	50.00%	LNG business and related investments
	Metal One Corporation	40.00%	Integrated steel trading company
	Nissho Koyu Co., Ltd.	49.07%	Sale of petroleum products
	Nissho Petroleum Gas Corporation	22.50%	Import and sale of LPG, LNG and petroleum products
	Qatar Petroleum Development Co., Ltd.	25.00%	Development of oil and gas fields
	Sojitz Energy Corporation	97.08%	Sale of petroleum products
	Sojitz Ject Corporation	100.00%	International and domestic trade and sale of coke, carbon materials, petroleum products, and LPG
	Sojitz Sawada Power Co., Ltd.	98.15%	Thermal power generation in Sadogashima
	Tokyo Yuso Co., Ltd.	100.00%	Tank storage operations for petroleum and chemical products
	Vermitech Corporation	100.00%	Processing and sale of vermiculite firings
	Volclay Japan Co., Ltd.	50.00%	Import and sale of bentonite produced in the U.S. and China
CHINA	Sunlime Limited	43.77%	Investment in lime producing company
ASIA & OCEANIA			
Australia	Japan Alumina Associates (Australia) Pty. Ltd.	50.00%	Investment in Worsley alumina refinery
	Sojitz Coal Resources Pty. Ltd.	100.00%	Investment in coal mines (Jellinbah East, Coppabella, Minerva, Vermont and other projects)
	Sojitz Energy Australia Pty. Ltd.	100.00%	Development of oil and gas
	Sojitz Moolarben Resources, Pty. Ltd.	100.00%	Investment in Moolarben coal mine
	Sojitz Resources (Australia) Pty. Ltd.	100.00%	Investment in Worsley alumina refinery
Philippines	Coral Bay Nickel Corporation	18.00%	Nickel mining
Singapore	Sojitz Offshore Project Pte. Ltd.	100.00%	Investment in FPSO and FSO, and handling of equipment related to oil and gas production
	Sojitz Petroleum Co., (Singapore) Pte. Ltd.	100.00%	Sale of oil and petroleum products

Country	Company	Group Ownership	Main Business
THE AMERICAS			
Brazil	Albacora Japao Petroleo Limitada	50.00%	Development of oil and gas fields (Albacora oil field)
	ETH Investimentos S.A.	18.91%	Investment in sugar, ethanol and electricity production
Canada	Cariboo Copper Corporation	50.00%	Investment in Gibraltar copper molybdenum mine in Canada (12.5%)
	Sojitz Moly Resources, Inc.	100.00%	Investment in Endako molybdenum mine in Canada (25%)
	Sojitz Tungsten Resources, Inc.	100.00%	Investment in Portuguese tungsten mining company Beralt Tin & Wolfram (Portugal) S.A. (100%)
U.S.A.	Sojitz Energy Venture, Inc.	100.00%	Oil and gas development
	Sojitz Noble Alloys Corporation	100.00%	Investment in Strategic Minerals Corporation (vanadium producer)
	Strategic Minerals Corporation	25.00%	Production and sale of vanadium
	Trans World Prospect Corporation	28.57%	Investment in bentonite mining operation
EUROPE, RUSSIA & NIS			
Portugal	Sojitz Beralt Tin & Wolfram (Portugal) S.A.	100.00%	Portuguese tungsten mining company
U.K.	Sojitz Energy Project Ltd.	100.00%	Oil and gas development
	Sojitz Etame Ltd.	100.00%	Investment in Gabon Etame oil fields
	Sojitz Oil & Gas (Egypt) Ltd.	100.00%	Oil and gas development

CHEMICALS DIVISION

Country	Company	Group Ownership	Main Business
JAPAN	Atsugi Plastics Co., Ltd.	20.00%	Manufacture and sale of plastic packing for foods
	Cosmic Farm Co., Ltd.	30.00%	Cultivation and sale of enoki mushrooms
	Hokko Chemical Co., Ltd.	90.00%	Manufacture, processing and sale of paint and ink thinners
	Japan Niigata Chemical Co., Ltd.	33.50%	Production and distribution of sodium chlorate, aqueous solution
	Mitsumoto Chemicals Co., Ltd.	98.82%	Coloring and compounding of plastic resins
	NI Chemical Corporation	100.00%	Warehousing (chemical tanks) business, import/export shipping service
	Nichipac Co., Ltd.	98.15%	Manufacture and sale of processed paper products, such as paper bags and wrapping paper, as well as plastic bags and other plastic products
	OJK Corporation	35.01%	Manufacture and sale of plastic sheets
	Pla Matels Corporation	46.56%	Sale of plastic raw materials, products, and processing equipment
	Santoku Co., Ltd.	19.25%	Manufacture and sale of alloys and compounds for permanent magnets and battery materials
	Sojitz Cosmetics Corporation	100.00%	Development, product planning and sale of cosmetics
	Sojitz Pla-Net Corporation	100.00%	Domestic and international trading of plastics and related products
	Sojitz Pla-Net Holdings, Inc.	100.00%	Holding company: plastic business
	Sojitz Technoplas Corporation	100.00%	Coloring and compounding of plastic resins
	Solpit Industries, Ltd.	35.55%	Research and development of soluble polyimide polymer
	Taiyo Chemical Industry Co., Ltd.	80.07%	Manufacture and sale of vinyl chloride film
CHINA	Asahi Kasei (Suzhou) Plastics Compound Co., Ltd.	49.00%	Coloring and compounding of plastic resins
	Hebei Rixin Chemical Co., Ltd.	19.50%	Manufacture and sale of barium and strontium compounds
	Japan Super Engineering Plastics (Shenzhen) Co., Ltd.	49.00%	Coloring and compounding of plastic resins
	Richao Engineering Plastics (Beijing) Co., Ltd.	49.00%	Coloring and compounding of plastic resins
	Sojitz Plastic (Shenzhen) Ltd.	100.00%	Sale of plastic resin materials and molding machines
	Suzhou Maruai Semiconductor Package Co., Ltd.	30.00%	Development, manufacture and sale of products with plastic sheeting conductive coatings
	Takagi Auto Parts (Foshan) Co., Ltd.	34.00%	Manufacture of automobile plastic components
	Yantai Sandie Plastic Products Co., Ltd.	71.43%	Manufacture of various types of polyethylene household bags
Hong Kong	Furukawa Circuit Foil (Hong Kong) Co., Ltd.	25.00%	Manufacture and sale of copper foils
	Sojitz Plastics (China) Ltd.	100.00%	Sale of plastic resin materials and molding machines
	Supreme Development Co., Ltd.	33.34%	Processing of plastic films

Country	Company	Group Ownership	Main Business
ASIA & OCEANIA			
Indonesia	PT. Kaltim Methanol Industri	85.00%	Manufacture and sale of methanol
	PT. Moriuchi Indonesia	20.00%	Manufacture of industrial fabrics
Korea	Sojitz Agro Corporation	100.00%	Sales promotion support of agrochemical products
Taiwan	Daigin Chemical Co., Ltd.	15.00%	Manufacture and sale of thinner, paint and solvent
	Furukawa Circuit Foil Taiwan Corporation	15.15%	Manufacture of copper foils
Thailand	Thai GCI Resitop Co., Ltd.	39.79%	Manufacture and sale of various industrial phenol resins
Vietnam	Sojitz Chemical Distribution Service Co., Ltd.	100.00%	Inventory-based operations using proprietary storage tanks
THE AMERICAS			
Canada	American Biaxis Inc.	49.00%	Manufacture of biaxially oriented polyamide (BOPA) film
U.S.A.	Cymetech Corporation	100.00%	Manufacture and sale of dicyclopentadiene (DCPD)
	Metton America, Inc.	85.11%	Manufacture and sale of Metton® resins
	Sepro Membranes Inc.	50.00%	Manufacture of membranes for filtration
	Sojitz Plastics America Inc.	100.00%	Sale of nylon film and plastic resins
EUROPE, RUSSIA & NIS			
Finland	Biaxis Oy, Ltd.	49.00%	Manufacture of biaxially oriented polyamide (BOPA) films

CONSUMER LIFESTYLE BUSINESS DIVISION

Country	Company	Group Ownership	Main Business
JAPAN	Daiichibo Co., Ltd.	100.00%	Manufacture and sale of textiles, real estate leasing, storage distribution, shopping center management
	Fuji Nihon Seito Corporation	32.07%	Manufacture, refining, processing and sale of sugar
	Hanshin Silo Co., Ltd.	35.00%	Grain warehousing
	JALUX Inc.	22.00%	Logistics and service provision in the in-flight, airport retail, lifestyle-related, and customer service business fields
	N.I.F. Co., Ltd.	20.00%	Sale of food specifically made for vending machines
	Nissho Iwai Paper & Pulp Corporation	33.56%	Sales of pulp & recycle paper, and paper & paperboard products
	Quy Nhon Plantation Company	39.00%	Afforestation; manufacture and sale of woodchips
	Sanyo Food Co., Ltd.	20.00%	Manufacture and sale of frozen foods; food wholesale
	SOFCO Seafoods Inc.	100.00%	Production and sale of processed and side dish seafood
	Sojitz Building Materials Corporation	100.00%	Trading company specializing in sale of construction materials, lumber and residential-related equipment, building interior finish works
	Sojitz Fashion Co., Ltd.	100.00%	Processing and sale of fabrics
	Sojitz Foods Corporation	100.00%	Sale of sugar, farmed marine products, raw ingredients for feed, wheat flour and other foodstuffs
	Sojitz General Merchandise Corporation	100.00%	Import/export and domestic wholesale of footwear, furniture, miscellaneous goods and various materials
	Sojitz Infinity Inc.	100.00%	Manufacture and sale of apparel
	Sojitz Logitech Co., Ltd.	99.67%	Cargo-handling contract work, product storage and management operations
	Sojitz Promotion Co., Ltd.	100.00%	Wholesale and retail of tobacco products
	Sojitz Tuna Farm Takashima Co., Ltd.	100.00%	Tuna farming
	Sojitz Yoshimoto Ringyo Co., Ltd.	100.00%	Joint sales of imported and locally produced products
	Takahata Co., Ltd.	100.00%	Manufacture of sewn products
	Yamazaki-Nabisco Co., Ltd.	20.00%	Manufacture, sale and import/export of biscuits, snacks, candy and chocolate products

Main Subsidiaries and Affiliates

Country	Company	Group Ownership	Main Business
CHINA	A-Fontane Holdings Limited	15.00%	Retail of products for home
	Beijing Sanyuan Sojitz Foods & Logistics Co., Ltd.	49.00%	Foodstuff logistics
	Dalian Global Food Corporation	51.00%	Tuna processing
	Da Longmian Textile (Suzhou) Co., Ltd.	25.00%	Cotton mill, cotton and quilt processing, production and sale of sleepwear, inspection of all types of textile products
	Heilongjiang Beidahuang Potato Flake Co., Ltd.	25.00%	Processing and sale of potato flakes
	Liaoning Northern Foods Co., Ltd.	40.00%	Sorting and processing of wild and cultivated vegetables
	Qingdao Sojitz-Cherry Garments Co., Ltd.	25.00%	Manufacture of jeans
	Qingdao Sojitz-Jifa Garments Ltd.	50.00%	Manufacture and sale of shirts
	Sichuan Food Co., Ltd.	49.00%	Sale of everyday food items
	Sojitz Fashion (Shanghai) Trading Co., Ltd.	100.00%	Processing and wholesale of fabrics in China
	Sojitz Textile (Shanghai) Co., Ltd.	100.00%	Manufacture and sale of sewn products
Hong Kong	Sojitz Now Apparel Ltd.	100.00%	Garment agent and trader
ASIA & OCEANIA			
Australia	Green Triangle Plantation Forest Company of Australia Pty. Ltd.	29.00%	Afforestation; manufacture and sale of woodchips
Malaysia	Sojitz Forest Products (EM) Sdn. Bhd.	100.00%	Sale of timber products and plywood
New Zealand	Tachikawa Forest Products (NZ) Ltd.	30.87%	Saw milling
Philippines	Atlas Fertilizer Corporation	100.00%	Manufacture and sale of fertilizers, sale of imported fertilizer products
Thailand	N.I.M. Co., Ltd.	70.60%	Warehousing (chemical tanks) business
	SNB Agriproducts Ltd.	29.00%	Extraction of rice bran oil, sale of pure and defatted rice bran oil
Vietnam	Huong Thuy Manufacture Service Trading Corporation	51.00%	Wholesale of foodstuffs
	Interflour Vietnam Ltd.	20.00%	Flour milling, port silo operations
	Japan Vietnam Fertilizer Company	75.00%	Manufacture and sale of fertilizers
	Kyodo Sojitz Feed Company Limited	51.00%	Feed production
	VIJACHIP Cai Lan Corporation	51.00%	Afforestation; manufacture and sale of woodchips
	VIJACHIP Corporation	60.03%	Afforestation; manufacture and sale of woodchips
	VIJACHIP Vung Ang Corporation	60.00%	Afforestation; manufacture and sale of woodchips
THE AMERICAS			
U.S.A.	Masami Foods, Inc.	21.08%	Meat processing and packing
	Specialty Grains, Inc.	49.00%	Contract cultivation of specialty corn and soybeans for export
Argentine	Sojitz Buenas Tierras del Sur S.A.	100.00%	Agricultural development
MIDDLE EAST & AFRICA			
Mozambique	Sojitz Maputo Cellulose, Limitada	100.00%	Manufacture and sale of woodchips

OTHER

Country	Company	Group Ownership	Main Business
JAPAN	Akita New Urban-Center Building Co., Ltd.	100.00%	Ownership, leasing and management of A·LIVE shopping centers based in Akita Prefecture
	Shobu Project	100.00%	Ownership, leasing and management of Mallage Shobu shopping center
	Sojitz Commerce Development Corporation	100.00%	Ownership, leasing and management of Mallage Saga shopping center
	Sojitz General Property Management Corporation	100.00%	Condominium and office building management, real estate agency services
	Sojitz Insurance Agency Corporation	100.00%	Accident insurance and life insurance agency services
	Sojitz Logistics Corporation	100.00%	Logistics service business: land, sea and air cargo handling, and international nonvessel operating common carrier (NVOCC) transportation
	Sojitz Realnet Corporation	100.00%	Consignment sales of newly constructed condominiums, sale of residential products, construction contracting for sales centers and model showrooms, real estate and logistics consulting
	Sojitz Research Institute, Ltd.	100.00%	Research and consulting
	Sojitz Shared Service Corporation	100.00%	Shared services and consulting regarding HR, accounting and finance; and temporary staffing and referral services
	Sojitz Tourist Corporation	100.00%	Travel agency
	Yamagata Newcity Development Co., Ltd.	100.00%	Ownership, leasing and management of Kajoh Central Building (Yamagata Prefecture)
CHINA			
Hong Kong	Sojitz Insurance Brokers (HK) Ltd.	100.00%	Insurance broker
EUROPE, RUSSIA & NIS			
Netherlands	Sojitz Aircraft Leasing B.V.	100.00%	Aircraft operating lease

Financial Section

Financial Summary

For the years ended March 31, 2012, 2011, 2010, 2009 and 2008

	Millions of yen					Thousands of U.S. dollars (Note 1)
	2012	2011	2010	2009	2008	2012
Operating Results:						
Net sales (Total trading transactions)	¥4,494,237	¥4,014,640	¥3,844,418	¥5,166,183	¥5,771,029	$54,807,769
Gross trading profit	231,566	192,725	178,203	235,618	277,732	2,823,976
Operating income	64,522	37,520	16,129	52,007	92,364	786,854
Ordinary income	62,228	45,316	13,703	33,637	101,480	758,878
Net income (loss)	(3,650)	15,982	8,794	19,001	62,694	(44,512)
Core earnings (Note 2)	64,950	41,891	14,424	48,347	110,727	792,073
Net cash provided by operating activities	91,601	67,863	107,223	103,729	35,408	1,117,085
Net cash provided by (used in) investing activities	(42,287)	(19,903)	28,439	(17,198)	(68,723)	(515,695)
Net cash used in financing activities	(36,377)	(72,054)	(102,597)	(5,958)	(53,724)	(443,622)
Free cash flow	49,314	47,960	135,662	86,531	(33,315)	601,390
Balance Sheet Data (As of March 31):						
Total assets	¥2,120,597	¥2,116,961	¥2,160,919	¥2,312,958	¥2,669,352	$25,860,938
Net assets	330,471	355,511	377,404	355,503	520,328	4,030,134
Interest-bearing debt	1,090,543	1,116,303	1,193,518	1,286,960	1,299,086	13,299,305
Net interest-bearing debt	647,836	700,608	737,790	865,330	918,890	7,900,439
	Yen					U.S. dollars (Note 1)
Per Share Data:						
Net income (loss)	¥ (2.92)	¥ 12.77	¥ 7.08	¥ 15.39	¥ 51.98	$(0.04)
Net assets	244.52	263.79	281.69	256.17	383.46	2.98
Dividends (Note 3)	3.00	3.00	2.50	5.50	8.00	0.04
Ratios:						
ROA (%)	(0.2)	0.7	0.4	0.8	2.4	
ROE (%)	(1.1)	4.7	2.6	4.8	13.0	
Equity ratio (%)	14.4	15.6	16.3	13.8	17.8	
Net debt equity ratio (DER) (times)	2.1	2.1	2.1	2.7	1.9	
Consolidated payout ratio (%) (Notes 3 and 4)	—	23.5	35.6	35.7	15.7	

Notes: 1. The U.S. dollar amounts represent translations of Japanese yen at the approximate exchange rate at March 31, 2012 of ¥82=$1.
2. Core earnings = Operating income before provision for doubtful receivables + Net interest income + Dividends received + Equity in earnings of unconsolidated subsidiaries and affiliates.
3. The amounts represent the annual dividends per share on common stock of Sojitz Corporation, and presented consolidated payout ratio is calculated based on the number of shares as of March 31.
4. Consolidated payout ratio is not presented in FY2012 due to the net loss.

Ten Declarations

09

from Yoshio Mogi,
CFO
Senior Managing Executive Officer

"Achieving the targets of our plan Sojitz, allowing us to take on even more attractive initiatives."

Advantages and challenges. Shareholders and investors often bring up these topics when I speak with them. Among our advantages are the many business in which we are strong, our strength in emerging countries and our well-developed risk management. But we also face challenges, which basically boil down to unsatisfactory profitability and shareholders' equity.

We will take on these challenges under Medium-term Management Plan 2014. We will hold assets constant while raising profitability to enhance shareholders' equity, which will increase corporate value. That is the overall aim of the plan. Among the targets for the year ending March 2015, the final fiscal year of the plan, I am therefore emphasizing shareholders' equity of ¥380.0 billion and return on assets of 2 percent or higher. Increasing shareholders' equity and raising ROA will naturally lower our net debt equity ratio and broaden our financial foundation, which will enhance funding flexibility. I am confident that once we complete Medium-term Management Plan 2014 we will be in a strong position to aggressively expand our businesses.

A key point in executing Medium-term Management Plan 2014 is deciding what kind of assets we should own. In a rapidly changing environment, we need to reallocate assets decisively and quickly after considering issues such as profitability, liquidity and potential. We will transform larger and

decided to establish Controller offices to help each division raise sophistication and speed in areas including risk management, balance sheet management and cash flow-based project management. We established the first one in the Energy & Metal Division in April 2012, and plan to introduce Controller offices in the other divisions as well.

As CFO, I am responsible for procuring advantageous funding for our business operations. I am totally committed to achieving the targets of Medium-term Management Plan 2014 through every means possible because that is the key to fulfilling my responsibility. It will also transform Sojitz, allowing us to take on even larger and more attractive initiatives.

CFO
Senior Managing Executive Officer
Finance & Accounting, Risk Management
Yoshio Mogi

Management's Discussion and Analysis of Operations

1. Overview

The year ended March 31, 2012 began with a gradual recovery in the global economy driven by emerging countries. Subsequently, however, Europe's protracted debt crisis triggered an economic slowdown in the euro zone. Growth also slowed in other developed countries as they refrained from fiscal stimulus measures and relied solely on monetary policy. Factors including reduced exports to Europe and a decrease in capital inflows from developed countries also blunted growth in some emerging countries that had been driving the global economy. These events led to a global economic slowdown.

Slowing growth overseas, the strong yen and flooding in Thailand weighed on the Japanese economy as it steadily recovered from the downturn following the Great East Japan Earthquake. Since January 2012, however, domestic economic sentiment has been improving gradually, largely in response to progress in adapting to the strong yen.

The U.S. economy continued to recover moderately as consumer spending benefited from an extension of tax cuts. Employment conditions also improved, but continued weakness in the U.S. housing market and sharply rising crude oil and gasoline prices cast doubt on the prospects for a full-fledged economic recovery.

The economies of emerging countries slowed, largely due to a decline in exports to Europe. Countries such as China and India, however, maintained relatively solid growth because of increased domestic demand. Many emerging countries have shifted to monetary easing to stimulate economic growth despite the persistence in some regions of inflationary factors such as rising commodity prices and wage increases.

2. Business Results

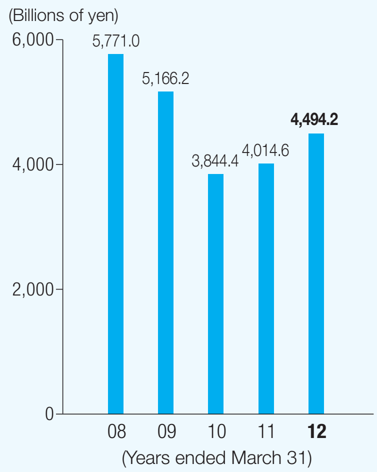
The Sojitz Group has adopted a uniform fiscal year-end for major overseas consolidated subsidiaries that formerly had a fiscal year-end different from that of the parent company, Sojitz Corporation, in order to facilitate timely performance management and prompt execution of management initiatives and division-based strategies on a Group-wide basis.

Accordingly, effective from the year ended March 31, 2012, 47 consolidated subsidiaries have changed their fiscal year-end to March 31. The Group has also adopted a policy of including the 36 other consolidated subsidiaries with fiscal year-ends other than March 31 in consolidated reporting on a pro forma basis, assuming a March 31 fiscal year-end.

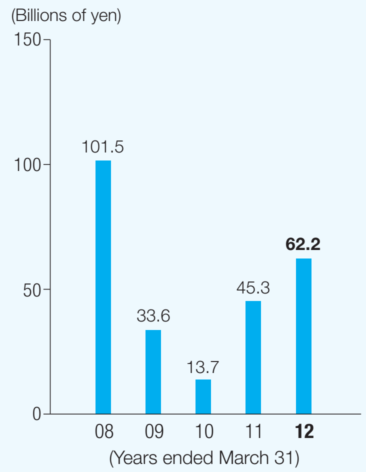
As a result of this change, the accounting period ended March 31, 2012 for these 83 consolidated subsidiaries spans the 15 months from January 1, 2011. Net sales, gross trading profit, operating income, ordinary income, income before income taxes and minority interests, and net income consequently increased ¥171,984 million, ¥16,663 million, ¥6,545 million, ¥8,049 million, ¥7,837 million, and ¥6,209 million, respectively, compared to what they would have been if the accounting period for these subsidiaries had been the twelve months from January 1 to December 31, 2011.

The following is an analysis of the Sojitz Group's business performance for the year ended March 31, 2012.

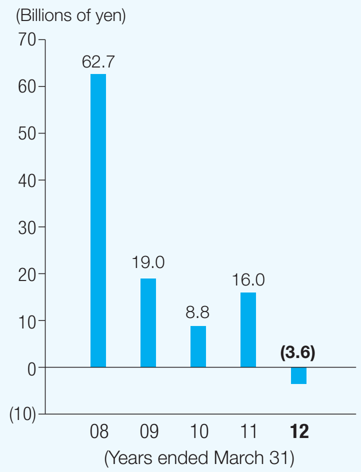
● Consolidated Net Sales



● Consolidated Ordinary Income



● Consolidated Net Income (Loss)



(1) Net Sales

Consolidated net sales increased 11.9% year on year to ¥4,494,237 million. Compared with the year ended March 31, 2011, export sales in the year ended March 31, 2012 increased 18.3%, largely due to growth in plant-related sales. Imports decreased 1.4%, largely reflecting a decline in aircraft-related sales. Domestic sales grew 15.7%, driven largely by growth in energy- and metal-related sales. Offshore sales rose 16.0%, largely as a result of growth in chemical-, plastic- and automobile-related sales.

By segment, consolidated net sales decreased 6.9% year on year in the Other segment but grew year on year in all other segments, increasing 6.7% in the Machinery Division, 3.6% in the Energy & Metal Division, 12.3% in the Chemicals & Functional Materials Division, and 22.2% in the Consumer Lifestyle Business Division.

(2) Gross Trading Profit

Gross trading profit increased ¥38,841 million year on year to ¥231,566 million. The increase was largely attributable to growth in overseas automobile trading volume in the Machinery Division and increased oil and coal prices and production in the Energy & Metal Division.

(3) Selling, General and Administrative (SG&A) Expenses

SG&A expenses increased ¥11,839 million year on year to ¥167,044 million for reasons including higher non-personnel and personnel expenses.

(4) Operating Income

Consolidated operating income increased ¥27,002 million year on year to ¥64,522 million as a result of higher gross trading profit, which was partially offset by the increase in SG&A expenses.

(5) Ordinary Income

Despite a reduction in equity in the earnings of unconsolidated subsidiaries and affiliates, most notably a bioethanol producer, consolidated ordinary income increased ¥16,912 million year on year to ¥62,228 million because of the increase in operating income.

(6) Extraordinary Gains (Losses)

Extraordinary losses totaled ¥774 million, including gain on sale of investment securities of ¥9,468 million, gain on sale and disposal of properties and equipment of ¥2,393 million, impairment loss of ¥6,101 million, loss and provision for loss on dissolution of subsidiaries and affiliates of ¥2,648 million and loss on devaluation of investment securities of ¥2,640 million.

(7) Net Income (Loss)

Consolidated income before income taxes and minority interests was ¥61,454 million. After deduction of income taxes of ¥18,482 million and deferred income taxes of ¥43,822 million, which included a reversal of deferred tax assets in response to changes in Japan's tax code, consolidated net loss before minority interests was ¥850 million. After deduction of minority interests of ¥2,800 million, consolidated net loss was ¥3,650 million, compared with consolidated net income of ¥15,982 million for the previous fiscal year.

● Selling, General and Administrative Expenses (Years ended March 31) (Millions of yen)

	2008	2009	2010	2011	**2012**
Directors' remuneration and salaries for employees	¥ 60,573	¥ 59,979	¥ 56,827	¥ 56,308	**¥ 59,313**
Employees' retirement and severance benefits	2,725	3,449	3,591	4,212	**3,892**
Welfare	10,355	9,987	10,816	9,984	**11,100**
Travelling expenses	9,933	9,423	6,514	6,552	**7,303**
Rent	13,004	13,639	12,729	11,748	**12,233**
Legal and professional fees	16,548	16,144	11,547	11,079	**11,352**
Depreciation	7,726	5,920	5,505	5,475	**6,381**
Provision for doubtful receivables	4,015	5,389	5,429	620	**1,101**
Amortization of goodwill	4,939	5,324	5,181	5,139	**5,581**
Other	55,550	54,357	43,935	44,088	**48,788**
Total	¥185,368	¥183,611	¥162,074	¥155,205	**¥167,044**

3. Segment Information

Results by segment are as follows.

Effective the year ended March 31, 2012, Sojitz changed its business segments, reclassifying part of its commercial property development operations from the Consumer Lifestyle Business Division to the Other segment.

(1) Machinery

Net sales increased 6.7% year on year to ¥1,030,555 million because of robust sales by the automotive business in Europe and Latin America and growth in plant exports. Net income increased ¥4,694 million year on year to ¥8,086 million.

The Great East Japan Earthquake and flooding in Thailand had little impact on the Sojitz Group's automotive business. Results for the year ended March 31, 2012 improved substantially because increased demand for automobiles, especially in emerging countries, supported strong growth in most markets that Sojitz serves. Sojitz will continue to strengthen the business in rapidly growing emerging country markets.

In the infrastructure project and industrial machinery business, we successfully won orders for large-scale projects in emerging countries, including a steel plant in India for a major Indian steelmaker, an engineering contract for a fertilizer plant in Angola, and additional equipment for the world's largest aluminum refinery in the United Arab Emirates. In addition, Sojitz conducted various environmental initiatives such as entering the mega-solar power generation business in Germany and beginning sales of a ceiling crane power supply system using lithium-ion capacitors manufactured by Advanced Capacitor Technologies Inc.

In the information technology (IT) business, we are building an information and communication technology (ICT) value chain from system development to sales, construction, repair and operation of IT equipment through alliances and cooperation among affiliates and subsidiaries. Moreover, expanding the data center business is one of our growth strategies in ICT, and subsidiary Nissho Electronics Corporation, our core ICT company, established a data center in Osaka.

In the marine business, Sojitz is improving profitability by replacing assets in the ship-owning business. We are also concentrating on developing environmental areas as a new source of earnings. For example, we invested in a U.S. manufacturer of treatment systems that comply with ballast water treatment regulations for ships, and are working to build a strong sales network in Asia.

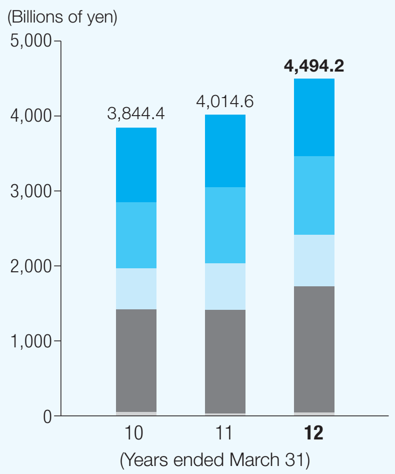
In the commercial aircraft business, we delivered a total of 23 aircraft including the first B787s to Japanese airlines as the import and sales consultant to The Boeing Company of the United States. Also, we delivered four aircraft to civilian customers as the sales agent for the commuter planes produced by Bombardier Inc. of Canada.

(2) Energy & Metal

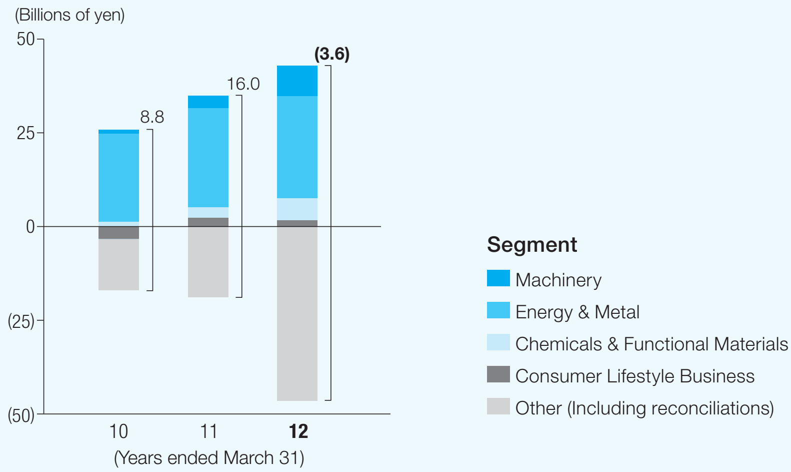
Net sales increased 3.6% year on year to ¥1,050,725 million, largely as a result of higher prices and production volumes for oil and coal. Net income increased ¥813 million year on year to ¥27,275 million as an extraordinary gain on the sale of shares of overseas operating companies offset a decrease in equity in earnings of unconsolidated subsidiaries and affiliates, most notably a bioethanol producer.

Highlights in the upstream oil and gas businesses included robust oil production at Phoenix Field in the U.S. Gulf of Mexico, which commenced in the fiscal

● Net Sales by Segment



● Net Income (Loss) by Segment



year ended March 31, 2011, and success in additional oilfield development in Qatar. We expect to increase our share of production volume by expanding existing interests, and will respond to the global energy demand behind the persistently high price of crude oil.

In coal and non-ferrous metals, we are enhancing our operating foundation and ensuring stable supplies of resources by both acquiring resources and expanding the trading business through upstream interests. For example, we began expanding a copper mine in Canada, discovered a new copper deposit in Chile, and acquired PCI coal interests in Australia to supply raw material to steelmakers. Emphasizing environmentally conscious businesses, we leveraged 40 years of experience in clean coal technology in initiating an investigation of technologies for reducing the environmental impact of Mongolia's abundant low-rank coal through effective use.

In ferrous materials & steel products, Sojitz added to its resource interests by acquiring shares of Brazil-based Companhia Brasileira de Metalurgia e Mineração (CBMM), a leading global producer of niobium, a rare metal indispensable to the production of high-grade steel, and expanded existing rare metal interests as part of its strategy of building a framework for stable supply of rare metals. Similarly, we are building a framework for stable supply of iron ore by buying iron ore and developing iron mines. In addition, we strengthened cooperation with affiliate Metal One to build a solid base for a steel business integrated from raw materials to finished product sales.

In new energy & environmental business, expansion proceeded steadily at ETH Bioenergia S.A., our bioethanol production company in Brazil, as we completed a nine-plant production framework. ETH has integrated bioethanol and sugar production and biomass power starting from sugar cane cultivation. In addition, Sojitz is the leading importer to Japan of high-purity silicon metals, which are key raw materials in solar panels. We will leverage this strength in our initiatives to supply raw materials to the solar power generation business.

(3) Chemicals & Functional Materials

Net sales rose 12.3% year on year to ¥687,891 million, largely due to increases in chemicals and plastics trading volumes and prices in Asia. Net income increased ¥3,041 million year on year to ¥5,753 million. The Group's business model for the Chemicals & Functional Materials segment focuses on distribution. We work to increase earnings by investing in upstream businesses to build a distribution value chain that ranges from the supply of raw materials to sales for strategic products, such as industrial salt, rare earths and methanol. All of these strategic products are basic raw materials, and we therefore expect business to grow in tandem with global economic development.

In the chemicals business, we signed a long-term purchase agreement for butadiene with Braskem S.A., the largest petrochemical company in South America. Demand is expected to increase for butadiene as a raw material for synthetic rubber used in tires. Demand for a stable supply of lithium as a material in lithium-ion batteries is rising as the popularity of electric cars increases. To address this demand, we signed a memorandum of understanding with Talison Lithium Limited of Australia to supply and jointly market lithium in Japan, with plans to initiate production in the fiscal year ending March 31, 2016. These and other initiatives strengthened our distribution value chains for strategic products for which we expect increased future demand.

In functional materials, Sojitz signed a strategic alliance with Myriant Corporation of the United States to create a manufacturing and marketing partnership that gives Sojitz exclusive Asian marketing rights for Myriant's biobased succinic acid, a plant-based raw material for plastics. Moreover, subsidiary Sojitz Cosmetics Corporation made progress in developing its own cosmetics brands by creating and initiating sales of *Chronorest*, a high-added value cosmetics brand, in collaboration with Kanebo Cosmillion, Ltd. Sojitz Cosmetics will focus on developing appealing new brands in the future.

(4) Consumer Lifestyle Business

Net sales grew 22.2% year on year to ¥1,679,783 million, largely because of higher cigarette prices and trading volume and growth in trading volume of livestock feed ingredients. Net income, however, declined ¥634 million to ¥1,720 million, largely reflecting reduced earnings at overseas fertilizer subsidiaries.

In food resources, Sojitz acted to ensure stable supplies of food and meet rising demand for meat by becoming the first Japanese company involved in the compound livestock feed business in Vietnam and Cambodia. We will use affiliate Interflour Vietnam Ltd.'s specialized grain port, now the largest of its kind in the ASEAN region, to supply competitive feed materials. We also contributed to reconstruction in Japan. Initiatives included rebuilding and restarting production at our processed seafood business, which was damaged by the Great East Japan Earthquake.

In forest products, Sojitz has diversified woodchips sources for supplying paper manufacturers in countries where demand is expected to increase. Sojitz complemented its woodchip and afforestation businesses in Vietnam by launching a business in Mozambique that manufactures woodchips as a raw material for paper.

In real estate development, we specialize in the condominium sales business in metropolitan Tokyo. Overseas, we are developing industrial parks in Vietnam and India, where many Japanese and other companies are considering establishing transplants.

In consumer services, we are expanding the retail presence of the new McGREGOR CLASSIC brand while enhancing our lineup of shoes, bags and other products. We also stepped up initiatives in emerging countries by increasing our stake in a leading food wholesaler in Vietnam to make it a consolidated subsidiary. In the airport retail business, we continued to increase the corporate value of affiliate JALUX Inc.

(5) Other

Net sales decreased 6.9% year on year to ¥45,283 million. Net loss decreased ¥6,092 million compared with the previous fiscal year to ¥636 million, largely because restructuring charges recognized in the year ended March 31, 2011 did not recur.

4. Earnings of Group Companies

As of March 31, 2012, the Sojitz Group comprised 462 companies, a decrease of 13 companies compared with the end of the previous fiscal year. Of this number, 323 companies (90 in Japan, 233 overseas) were consolidated subsidiaries, and 139 companies (37 in Japan, 102 overseas) were affiliated companies accounted for under the equity method.

Companies included in the scope of consolidation that reported net income included 201 consolidated subsidiaries, or 62.2% of the total (208 consolidated subsidiaries, or 65.0%, in the previous fiscal year), and 108 equity-method affiliates, or 77.7% of the total (120 equity-method affiliates, or 77.4%, in the previous fiscal year). On an overall basis, 66.9% (69.1% in the previous fiscal year) reported net income for the year ended March 31, 2012. The operating performance of companies included in the scope of consolidation is presented in the table below.

5. Financial Position

(1) Consolidated Balance Sheets

1) Assets

At March 31, 2012, total assets were ¥2,120,597 million, an increase of ¥3,636 million from the end of the previous fiscal year.

Current assets increased ¥31,522 million from a year earlier to ¥1,298,152 million. Factors included a ¥27,435 million increase in inventories, mainly as a result of higher tobacco and automobile inventories compared with the previous fiscal year end.

Total investments and long-term receivables decreased ¥6,820 from a year earlier to ¥441,977 million, mainly because investment securities decreased ¥8,377 million due to changes in foreign exchange rates and stock prices.

● Earnings of Group Companies (Year ended March 31, 2012)

	Profitable		Unprofitable		Total	
	Number of companies	Net income (Billions of yen)	Number of companies	Net loss (Billions of yen)	Number of companies	Net income (Billions of yen)
Consolidated subsidiaries						
Domestic	53	9.2	37	(5.8)	90	3.4
Overseas	148	49.1	85	(8.6)	233	40.5
Total	201	58.3	122	(14.4)	323	43.9
% of total	62.2%	—	37.8%	—	100.0%	—
Companies accounted for by the equity method						
Domestic	33	10.8	4	(0.0)	37	10.8
Overseas	75	6.5	27	(6.1)	102	0.4
Total	108	17.3	31	(6.1)	139	11.2
% of total	77.7%	—	22.3%	—	100.0%	—
Total						
Domestic	86	20.0	41	(5.8)	127	14.2
Overseas	223	55.6	112	(14.7)	335	40.9
Total	309	75.6	153	(20.5)	462	55.1
% of total	66.9%	—	33.1%	—	100.0%	—

Property and equipment increased ¥17,486 million from a year earlier to ¥233,261 million, mainly due to capital expenditures by operating companies.

Other non-current assets decreased to ¥147,207 million from a year earlier mainly due to a ¥30,439 million decrease in deferred tax assets resulting from changes in Japan's tax code.

2) Liabilities

At March 31, 2012, total liabilities were ¥1,790,126 million, an increase of ¥28,676 million from a year earlier.

Current liabilities increased ¥56,878 million from a year earlier to ¥947,423 million. The primary factor was an increase in trade notes and trade accounts payable that was largely due to increased purchases associated with lumber- and automobile-related sales and the effect from the close of the fiscal year on a bank holiday.

Total non-current liabilities decreased ¥28,202 million from a year earlier to ¥842,703 million, mainly due to redemption of bonds.

Interest-bearing debt decreased ¥25,760 million from a year earlier to ¥1,090,543 million. Net interest-bearing debt, calculated as total interest-bearing debt less cash and deposits, decreased ¥52,772 million from a year earlier to ¥647,836 million, resulting in a net debt equity ratio (net DER) of 2.1 times at March 31, 2012.

3) Net Assets

Owner's equity decreased to ¥464,027 million, largely because the net loss for the fiscal year ended March 31, 2012, dividend payments and other factors reduced retained earnings by ¥7,653 million from a year earlier.

Accumulated other comprehensive income decreased ¥16,461 million, mainly because foreign currency translation adjustments reduced accumulated other comprehensive income by an additional ¥9,703 million compared with a year earlier and net unrealized gains on available-for-sale securities decreased because of fluctuations in stock prices. As a result, total net assets including minority interests in net income at March 31, 2012 decreased ¥25,040 million from a year earlier to ¥330,471 million.

(2) Cash Flow

1) Cash Flows from Operating Activities

Net cash provided by operating activities increased ¥23,738 million year on year to ¥91,601 million. In the year ended March 31, 2012, cash provided by income before income taxes and minority interests and an increase in trade payables exceeded increases in trade receivables and inventories that used cash.

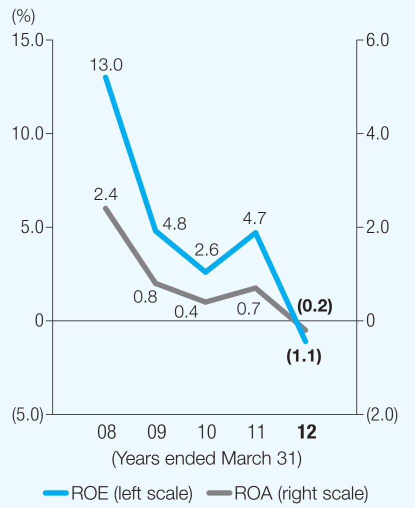
2) Cash Flows from Investing Activities

Net cash used in investing activities increased ¥22,384 million year on year to ¥42,287 million. Cash provided by net decrease in marketable securities and proceeds from sale of property and equipment including aircraft and ships only partially offset the use of cash for purchase of property and equipment, which included investments in interests.

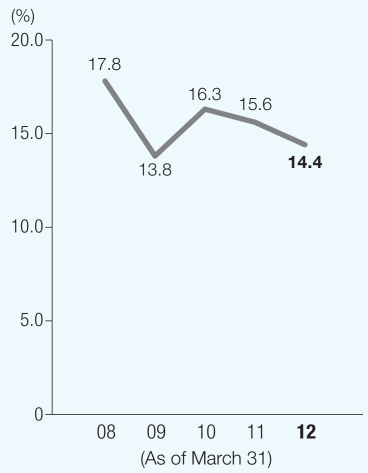
3) Free Cash Flow

As a result of the above, free cash flow for the year ended March 31, 2012 totaled ¥49,314 million.

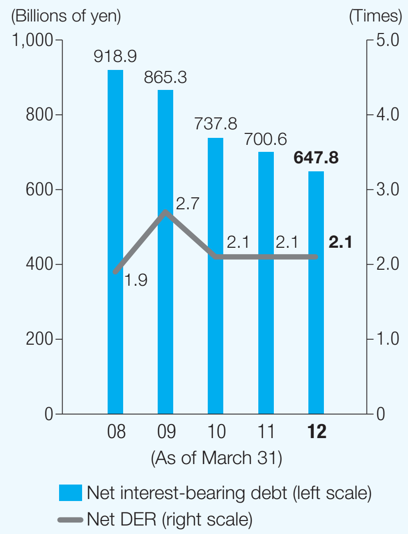
● ROA and ROE



● Equity Ratio



● Net Interest-bearing Debt and Net DER



4) Cash Flows from Financing Activities

Net cash used in financing activities decreased ¥35,677 million year on year to ¥36,377 million. In the year ended March 31, 2012, the use of cash for repayment of long-term debt and redemption of bonds exceeded proceeds from long-term debt and issuance of bonds.

As a result of the above, cash and cash equivalents at the end of the fiscal year, including the effect of exchange rate changes on cash and cash equivalents increased ¥12,013 million from a year earlier to ¥427,274 million.

(3) Liquidity and Funding

In the year ended March 31, 2012, the final year of the Shine 2011 medium-term management plan, the Sojitz Group continued with its fundamental policy of maintaining and improving the stability of its funding structure. Specific measures included maintaining the target long-term debt ratio to create a stable funding structure while ensuring a stable financial base by maintaining sufficient liquidity to accommodate changes in economic and financial conditions. Consequently, as of March 31, 2012 the current ratio was 137% and the long-term debt ratio was 71%.

Unsecured bonds are one method Sojitz uses to procure long-term funding. Sojitz issued a total of ¥40.0 billion in unsecured bonds during the year ended March 31, 2012, consisting of a ¥10.0 billion issue in June 2011, a ¥20.0 billion issue in September 2011 and a ¥10.0 billion issue in March 2012. Sojitz will continue to base future decisions to issue bonds on interest rates, market trends, appropriate timing and cost.

Sojitz also ensures flexible access to capital and supplemental liquidity through a ¥100.0 billion commitment line and a multi-currency commitment line equivalent to US$300 million.

6. Summary of Significant Accounting Policies

The consolidated financial statements of the Company and its subsidiaries are prepared in conformity with accounting principles generally accepted in Japan. The reported amounts relating to assets and liabilities, the disclosure of contingent liabilities and the appropriate recording of revenues and expenses for the reporting period used in the preparation of the consolidated financial statements are based on estimates and assumptions as determined by the Company's management. The Company constantly reviews and verifies estimates and assumptions relating to the evaluation of receivables, investments and inventories, fixed assets, recognition of revenue, income taxes, deferred tax assets, Group business reorganization, and restructuring costs including those for affiliated companies, retirement and severance benefits, contingent liabilities, and other items. Estimates, assumptions and decisions made by the Company are based on historical performance and other factors that are deemed most relevant to the situation. In the event that insufficient facts exist to enable the Company to make an objective decision regarding the accounting for assets and liabilities and income and expenses, the Company bases its decisions on estimates and assumptions. Accordingly, differing assumptions and changes in conditions may cause estimates and actual results to differ.

The following are significant accounting policies adopted by the Company and its consolidated subsidiaries.

(1) Evaluation of Receivables

The Company provides for probable losses arising from uncollectible notes and accounts receivable and loans receivable by maintaining an allowance for doubtful receivables based on past credit loss experience over the preceding three years. For doubtful receivables, the Company records an allowance after evaluating the probability of recovery, considering the estimated realization value of collateral and amounts to be recovered by guarantees.

In order to accurately assess the allowance for doubtful receivables, the Company periodically verifies each customer's financial position, credit rating, conditions for collection of receivables, changes in payment terms and conditions, economic trends in the industry, conditions in the region in which the customer operates, and all other relevant information.

The Company's management believes that the Company maintains sufficient and adequate allowances for doubtful receivables.

● **Cash Flow** (Years ended March 31) (Millions of yen)

	2008	2009	2010	2011	**2012**
Net cash provided by operating activities	¥ 35,408	¥103,729	¥ 107,223	¥ 67,863	**¥ 91,601**
Net cash provided by (used in) investing activities	(68,723)	(17,198)	28,439	(19,903)	**(42,287)**
Net cash used in financing activities	(53,724)	(5,958)	(102,597)	(72,054)	**(36,377)**
Cash and cash equivalents at the end of the year	373,884	414,420	454,262	415,261	**427,274**
Free cash flow	(33,315)	86,531	135,662	47,960	**49,314**

(2) Evaluation of Investment Securities

The Company maintains a significant level of investments that are classified according to the purpose for which they are held, with valuation subject to a variety of assumptions. Available-for-sale securities with available market values are stated at fair value based on market prices as of the balance sheet date with unrealized valuation gains and losses, net of tax, included in net assets in the consolidated balance sheets. The Company recognizes devaluation losses on investment securities whose values have declined by at least 50% of their book value. In cases in which the values have declined 30% to 50%, and where conditions remain substantially unchanged from the previous fiscal year, the Company's management evaluates the probability of recovery, and recognizes devaluation losses except when the value is deemed to be recoverable.

Available-for-sale securities with no readily available fair market value are valued at cost using the moving-average method. The Company assesses these securities by comparing its equity in the net asset value of the issuer with the book value of the investment. In the event the Company's equity in the net asset value of the issuer has declined by at least 50% of the book value, the Company's management assesses the probability of recovery considering each situation, such as venture investments or temporary declines due to initial losses in the start-up of companies, and recognizes devaluation losses except when the value is deemed to be recoverable. Furthermore, in the event the Company's equity in the net asset value of the issuer has declined to less than 50% of the book value, and there is no probability of recovery, the Company recognizes the impairment loss. In the case of bonds, the amortized cost method is applied on an individual basis and a loss recognized for the estimated non-redeemable portion based on credit risk.

In the non-consolidated financial statements, the Company prepares for any future investment losses in connection with marketable securities of related companies by maintaining an investment loss allowance for estimated losses calculated on an individual basis according to prescribed criteria after considering such factors as the financial position and business value of the issuer.

In recognizing devaluation losses on investment securities and in deciding the investment loss allowance, the Company's management reaches a decision after considering not only the financial position of the issuer but also specific factors pertaining to the industry, location and region of the issuer.

(3) Evaluation of Inventories

Inventories held for sale in the ordinary course of business are stated on the balance sheets at the lower of acquisition cost or net selling value that reflects any decline in profitability. Moreover, inventories held for trading purposes are stated on the balance sheets at the market price, and any gain or loss arising from revaluation of inventories for trading purposes is presented in net sales.

The market value of real estate for sale is valued on an individual property basis by selecting the most appropriate value from among sales price, appraisal amount, official announced value, and appraised value for inheritance tax purposes, taking into consideration various conditions at the time of appraisal. In the event conditions are unchanged, this value is carried forward to the following fiscal year.

(4) Depreciation and Valuation of Property, Equipment and Intangible Assets

The Company and its consolidated subsidiaries principally depreciate property and equipment other than leased assets by the declining-balance method, and depreciate intangible assets other than leased assets by the straight-line method based on the estimated useful lives of the respective assets according to the Corporate Tax Law. However, buildings acquired after April 1, 1998 are depreciated by the straight-line method. Leased assets in finance lease transactions without transfer of ownership are depreciated using the straight-line method based on the assumption that the useful life is equal to the lease term and the residual value is equal to zero. The accounting treatment of the Company and its domestic consolidated subsidiaries for finance lease transactions without transfer of ownership that commenced prior to April 1, 2008 is similar to that used for ordinary rental transactions. Investment properties are depreciated mainly using the straight-line method, with useful lives principally calculated according to the Corporate Tax Law.

Certain domestic consolidated subsidiaries and equity-method affiliates revalue commercial-use land pursuant to "Law Concerning Revaluation of Land" (Law No. 34 enforced on March 31, 1998). The related unrealized gains or losses are recorded as land revaluation difference in net assets in the consolidated balance sheets. The revaluation method primarily follows the "Guidelines for Enforcement Regulations of the Law Concerning Revaluation of Land (Ordinance No. 119 enforced on March 31, 1998)." Article 2-3 provides for reasonable adjustments to the value of land recorded in the land tax registry as prescribed in Article

341-10 of the Local Tax Law. Article 2-5 provides for the calculation of appraised value.

Impairment losses of the Company and its domestic consolidated subsidiaries are determined by comparing the carrying amount of assets or an asset group with their undiscounted estimated future cash flows. If the undiscounted estimated future cash flows are less than the carrying amount, the difference between the higher of either net selling price or present value of future projected cash flows and the carrying amount is recognized as an impairment loss. Accumulated impairment losses are deducted directly from the corresponding assets.

(5) Deferred Tax Assets and Liabilities

Where temporary differences exist between the amount of assets and liabilities for financial reporting purposes and the bases of such assets and liabilities as measured by tax laws, deferred tax assets and liabilities are recorded taking into account the tax loss carryforwards in accordance with tax-effect accounting standards.

The Company evaluates the probability of realization of the benefits of those deferred tax assets based on future taxable income estimates and tax planning. A valuation allowance is established to reduce certain deferred tax assets relating to deductible temporary differences and net operating loss carryforwards where it is more likely to be unable to realize the benefits of those deferred tax assets as a result of rigorous assessment by the Company's management.

Although the Company's management believes that the realization of deferred tax assets, less amount of valuation allowance, is probable, the valuation allowance may change depending on changes of estimates for future taxable income.

(6) Employees' Retirement and Severance Benefits

Employees' retirement and severance benefits are accrued based on the present value of projected benefit obligations attributed to employee services rendered by the end of the year and the fair value of the pension plan assets at fiscal year-end.

The Company has adopted a "Defined Contribution Pension Plan" with a "Lump-sum Payment Plan" or a "Prepaid Retirement Allowance Plan" as its retirement and severance benefit scheme. Domestic consolidated subsidiaries maintain employees' welfare pension fund plans and lump-sum payment plans as defined fund plans for the most part. Some consolidated subsidiaries have established a retirement allowance trust. Some foreign consolidated subsidiaries also have defined benefit plans.

(7) Directors' and Corporate Auditors' Retirement Benefits

Certain domestic subsidiaries recognize retirement benefits for directors and executive officers based on internal regulations to provide for expected retirement benefits for directors and corporate auditors as of the balance sheet date, based on "Auditing Treatment Relating to Reserve Defined under the Special Tax Measurement Law, Reserve Defined under the Special Law and Reserve for Director and Corporate Auditor Retirement Benefits" (Auditing and Assurance Practice Committee Report No. 42 issued by the Japanese Institute of Certified Public Accountants on April 13, 2007).

7. Business and Other Risks

(1) Business Risks

As a general trading company, Sojitz is engaged in a wide range of businesses globally, including buying, selling, importing, and exporting goods, manufacturing and selling products, providing services, and planning and coordinating projects, in Japan and overseas. The Group also invests in various sectors and conducts financing activities. These operations are inherently exposed to various risks. The Group defines and classifies risks and manages them in accord with their nature. For quantifiable risks (market risks, credit risk, business investment risk, and country risk), the Group conducts comprehensive risk management, measuring risks and monitoring them based on risk asset scores derived from risk measurements. Although the Group is strengthening and upgrading its risk management to deal with various risks, it cannot completely avoid these risks.

1) Risk of changes in the macroeconomic environment

As a general trading company with global operations, Sojitz operates a wide range of businesses in Japan and overseas, including Machinery, Energy & Metal, Chemicals and Consumer Lifestyle Business. The Group's earnings are influenced by political and economic conditions in Japan and other countries and the overall global economy. A global or regional economic slowdown can adversely affect the Group's operating performance and/or financial condition.

2) Market risks

The Group is exposed to market risks, including exchange rate risk associated with transactions denominated in foreign currencies in connection with international trade or business investments; interest rate fluctuation risk associated with debt financing and portfolio investment; commodity price fluctuation risk associated with purchase and sale agreements and commodity inventories incidental to operating activities; and market price fluctuation risk associated with holding listed securities and other such assets. The Group pursues a basic policy of minimizing these market risks through such means as matching assets and liabilities (e.g., long and short commodity exposures) and hedging with forward exchange contracts, commodity futures/forward contracts, and interest rate swaps.

(a) Currency risk

The Group engages in import and export transactions, and offshore transactions, denominated in foreign currencies as a principal business activity. Whereas the revenues and expenditures associated with such transactions are mainly paid in foreign currencies, the Group's consolidated reporting currency is the Japanese yen. The Group is therefore exposed to the risk of fluctuations in the yen's value against foreign currencies, and hedges its foreign currency exposure with forward exchange contracts to prevent or limit losses stemming from this currency risk. Even with such hedging, however, there is no assurance that the Group can completely avoid currency risk. The Group's operating performance and/or financial condition could be adversely affected by unanticipated market movements. Additionally, the Group's dividend income from overseas Group companies and the profits and losses of overseas consolidated subsidiaries and equity-method affiliates are largely denominated in foreign currencies. Their conversion into yen entails currency risk. The Group also owns many foreign subsidiaries and operating companies. When these companies' financial statements are converted into yen, exchange rate movements could impair the Group's net assets through the foreign currency translation adjustment account.

(b) Interest rate risk

The Group's finances include credit terms for trade and other receivables, purchases of investment securities, and expenditures for property and equipment that are primarily funded with loans from financial institutions and bond issues. Sharp increases in interest rates that raise funding costs could affect income and expenses associated with assets and liabilities on the balance sheets, which could adversely affect the Group's operating performance and/or financial condition.

(c) Commodity price risk

As a general trading company, the Group deals in a wide range of commodities in its various businesses. It is consequently exposed to the risk of commodity price fluctuations. For market-traded commodities, the Group manages exposures and controls losses by setting (long and short) position limits and stop-loss levels for each of its organizational units. The Group also imposes and enforces stop-loss rules (i.e., organizational units must promptly liquidate losing positions and are prohibited from initiating new trades for the remainder of the fiscal year if unit losses, including valuation losses, exceed the stop-loss level). Even with these controls, however, there is no assurance that the Group can completely avoid commodity price risk. The Group's operating performance and/or financial condition could be adversely affected by unanticipated market movements. The Group also monitors commodity inventories by business unit on a monthly basis to control inventory levels.

(d) Listed securities price risk

The Group has large holdings of marketable securities. For listed shares in particular, the Group periodically reviews its portfolio. Nonetheless, a major decline in the stock market could impair the Group's investment portfolio and, in turn, adversely affect the Group's operating performance and/or financial condition.

3) Credit risk

The Group assumes credit risk by extending credit to many domestic and foreign customers through a variety of commercial transactions. The Group mitigates such credit risk by objectively assigning credit ratings to the customers to which it extends credit based on an 11-grade rating scale. The Group also controls credit risk by setting rating-based credit limits on a customer-by-customer basis and enforcing the credit limits thus set. The Group also employs other safeguards (e.g., collateral and guarantees) as warranted by the customer's creditworthiness. Additionally, the Group has a system for assessing receivables in which it screens the customers to which it has extended trade credit to identify those that meet certain criteria. It then reassesses the selected customers' creditworthiness and the status of the Group's claims against these customers. Through this approach, the Group is endeavoring to more rigorously ascertain credit risk and estimate provisions to allowance for doubtful accounts for individual receivables. For credit risk associated with deferred payments, loans, and credit guarantees, the

Group periodically assesses whether profitability is commensurate with credit risk on a case-by-case basis. For transactions that do not generate risk-commensurate returns, the Group takes steps to improve profitability or limit credit risk.

However, even with such credit management procedures, there is no assurance that the Group can completely avoid credit risk. If, for example, receivables are rendered uncollectible by a customer's bankruptcy, the Group's operating performance and/or financial condition could be adversely affected.

4) Business investment risk

The Group invests in a wide range of businesses as one of its principal business activities. In doing so, it assumes the risk of fluctuations in the value of these investments. Additionally, because many business investments are illiquid, the Group also faces the risk of being unable to recoup its investment as profitably as initially anticipated.

With the aim of preventing and limiting losses from business investments, the Group has established standards for rigorously prescreening prospective business investments and monitoring and withdrawing from investments.

In screening prospective investments, the Group analyzes business plans, including cash flow projections, and rigorously assesses the businesses' prospects. It has also established procedures, including an IRR (internal rate of return) hurdle rate screen, to enable it to identify investments with the potential to generate returns commensurate with risk.

Once the Group has invested in a business venture, it closely monitors the business through such means as periodic reassessment of the business's prospects to minimize losses through early identification of problems. To identify problems with business investments at an early stage and minimize losses on divestiture or liquidation, the Group sets exit conditions and acts decisively to opportunely exit investments that have failed to generate risk-commensurate returns.

Even with such procedures for screening prospective investments and monitoring existing investments, the Group cannot completely avoid the risk that investment returns will fall short of expectations or the risk that businesses will fail to perform according to plan. Moreover, the Group could incur losses when exiting business ventures or may be precluded from exiting business ventures as intended due to circumstances such as relationships with partners in the ventures. Such events could adversely affect the Group's operating performance and/or financial condition.

5) Country risk

To minimize losses that may result from country risk, the Group recognizes that it must avoid concentrated exposure to any single country or region. In conducting business in countries that pose substantial country risk, the Group generally hedges against country risk on a transaction-by-transaction basis through such means as purchasing trade insurance.

In managing country risk, the Group assigns country-risk ratings to individual countries and regions and sets net exposure (gross exposure less trade insurance coverage and/or other country-risk hedges) limits based on the country's size and assigned rating. The Group limits its net exposure to individual countries to no more than the net exposure limit. However, even with these risk controls and hedges, the Group cannot completely eliminate the risk that businesses will fail to perform according to plan or the risk of losses due to changes in political, economic, regulatory and societal conditions in the countries in which the Group conducts business activities or countries in which the Group's customers

● **Country Risk Exposure** (Year ended March 31, 2012) (Billions of yen)

	Investments	Loans	Guarantees	Operating receivables	Cash and deposits, etc.	Other assets	Country risk	Substantial country risk
Thailand	1.4	0.0	0.0	24.3	10.2	6.0	41.9	46.6
Malaysia	0.7	0.0	0.0	4.1	0.3	1.2	6.3	4.9
Indonesia	3.2	0.1	0.0	9.0	4.6	17.0	33.9	42.3
Philippines	12.9	0.5	0.0	11.5	0.8	1.4	27.1	21.1
China (including Hong Kong)	11.0	0.9	0.6	38.6	7.0	5.0	63.1	61.4
(China only)	9.7	0.4	0.5	28.7	5.1	1.5	45.9	51.1
(Hong Kong only)	1.3	0.5	0.1	9.9	1.9	3.5	17.2	10.3
Brazil	9.6	0.5	0.2	8.8	2.9	8.3	30.3	49.3
Venezuela	0.0	0.0	0.0	12.3	7.1	11.4	30.8	30.9
Argentina	0.5	0.0	0.0	3.7	0.0	1.9	6.1	3.2
Russia	0.3	0.0	0.0	19.8	4.7	0.4	25.2	26.5
Total	39.6	2.0	0.8	132.1	37.6	52.6	264.7	286.2

are located. In the event of such losses, the Group's operating performance and/or financial condition could be adversely affected.

6) Impairment risk

The Group is exposed to the risk of impairment of the value of its non-current assets, including real estate holdings and other property, equipment, goodwill and mining rights, as well as its leased assets. The Group uses asset impairment accounting and recognizes necessary impairment losses at the end of the fiscal year in which they are identified. If assets subject to asset impairment accounting decline materially in value due to a decline in their prices, recognition of necessary impairment losses could adversely affect the Group's operating performance and/or financial condition.

7) Financing risk

The Group largely funds its operations by issuing bonds and borrowing funds from financial institutions. Accordingly, in the event of a disruption of the financial system or financial and capital markets, or a major downgrade of the Group's credit rating by a rating agency, the Group's operating performance and/or financial condition could be adversely affected by funding constraints and/or increased financing costs.

8) Environmental risk

The Group regards environmental preservation as one of the most important management considerations. The Group has prescribed environmental policies and is proactively addressing environmental problems through such means as complying with environmental laws and regulations and assessing the environmental impact of prospective investments and loans and development projects. Despite such measures, the Group's business activities could still pollute the environment. In such an event, the Group could incur costs due to project suspension, environmental remediation and purification, and/or litigation.

9) Compliance risk

The Group's diverse business activities are subject to a broad range of laws and regulations, including corporation laws, tax laws, antitrust laws, foreign exchange laws and other trade-related laws, and various industry-specific laws, including chemical regulations. To ensure compliance with these laws and regulations, the Group has formulated a compliance program, established compliance committees, and promotes rigorous regulatory compliance on a Group-wide basis. However, such measures cannot completely eliminate the compliance risk entailed by the Group's business activities. Additionally, the Group's operating performance and/or financial condition could be adversely affected by major statutory or regulatory revisions or application of an unanticipated interpretation of existing laws or regulations.

10) Litigation risk

Litigation or other legal proceedings, such as arbitration, may be initiated in Japan or overseas against the Group or certain of its assets in connection with the Group's business activities. As of March 31, 2012, the Group was not involved in any litigation, arbitration, or other legal proceedings with the potential to have a material impact on its operating performance or financial condition.

11) Information system and information security risks

The Group has prescribed regulations and established oversight entities, mainly internal committees, to appropriately protect and manage information assets. The Group also has implemented safeguards, such as installation of duplicate hardware, against failure of key information systems and network infrastructure. Additionally, the Group is endeavoring to strengthen its safeguards against information leaks through such means as installing firewalls to prevent unauthorized access by outsiders, implementing antivirus measures, and utilizing encryption technologies.

While the Group is working to strengthen overall information security and prevent system failures, it cannot completely eliminate the risk of important information assets, including personal information, being leaked or damaged by an unknown computer virus or unauthorized access to its computer systems. Nor can the Group eliminate the risk of its information and communication systems being rendered inoperable by an unforeseeable natural disaster or system failure. In such an event, the Group's operating performance and/or financial condition could be adversely affected, depending on the extent of the damage.

12) Natural disaster risk

The Group could be directly or indirectly affected in the event of an earthquake, flood, storm, or other natural disaster that damages offices or other facilities or injures employees and their family members. The Group has prepared disaster response manuals, conducts disaster response drills, and has established an employee safety confirmation system and a business continuity plan, but it cannot completely avoid the risk of damage from natural disasters. The Group's operating performance and/or financial condition could be adversely affected by natural disasters.

(2) Risks Related to the Medium-term Management Plan 2014

As noted in "8. Group Management Policy" below, the Group has formulated Medium-term Management Plan 2014 for the period ending March 31, 2015 (April 1, 2012 to March 31, 2015). Despite the Group's efforts, there is no assurance that all the targets of Medium-term Management Plan 2014 will be achieved. Initiatives directed at achieving the targets may not progress as planned or may not be as successful as anticipated.

8. Group Management Policy

(1) Fundamental Policy

Sojitz is committed to increasing corporate value by realizing the Sojitz Group Statement and its Management Vision of the company it aspires to become and the common principles it embraces.

Sojitz Group Statement

The Sojitz Group produces new sources of wealth by connecting the world's economies, cultures and people in a spirit of integrity.

Sojitz Group Slogan

New way, New value

Sojitz Group Management Vision

◆ Unrelentingly enhance the Group's trading company functions, as demanded by clients, by fully grasping and anticipating clients' diverse needs (Function-oriented trading company)

◆ Take advantage of changes and continuously develop new business fields (Innovating trading company)

◆ Become a company in which each and every employee can work with pride and pursue challenges and explore opportunities to realize his or her own personal goals and ambitions (Open and flexible company)

◆ Seek to harmonize the Group's corporate activities with the society and the environment by consistently putting the Group's statement into practice (Socially contributive company)

(2) Medium-to-Long-term Business Strategy and Targeted Performance Indicators

On April 1, 2012, the Sojitz Group initiated its Medium-term Management Plan 2014 – Change for Challenge – under the theme of "Implement reforms in pursuit of growth initiatives" to increase corporate value.

The "Change for Challenge" subtitle summarizes the meaning of "In pursuit of greater achievements we will continue to transform ourselves in order to meet new challenges. We aim to increase our corporate value based on this strong commitment."

Implement Reforms in Pursuit of Growth Initiatives

- Strengthen earnings capacity by improving the quality of assets
- Continue investing for growth (Strategic allocation to business focus areas)
- Build up a structure and organization that enables its business to be creative, efficient, and highly capable of managing risk
- Foster human resources that are able to go the distance even in a business environment typified by accelerating globalization

Enhance the financial foundation through the accumulation of shareholders' equity

Improving corporate value and pursuing greater achievements

The quantitative targets of Medium-term Management Plan 2014 are as follows.

Performance Indicator	Target
Net debt equity ratio (DER)	2.0 times or lower
Return on assets (ROA)	2.0% or higher

Sojitz considers the stable, continuous payment of dividends one of the most important management issues. An equally important issue is the need to enhance competitiveness and shareholder value by increasing internal capital reserves and using them effectively. Therefore, our basic policy is a consolidated payout ratio of approximately 20%.

Another crucial policy for achieving our quantitative targets is raising asset quality and efficiency. Rather than simply increasing assets, we will raise asset efficiency by replacing assets on a Group-wide basis with the objective of increasing earnings. Specifically, we will re-evaluate our rationale for each business and asset. We will then successively replace those without a strong rationale and those with a weak connection to our traditional businesses. At the same time, we will prioritize the allocation of the resources we acquire through this replacement process by concentrating investment in business focus areas.

Medium-term Management Plan 2014 specifies the following business focus areas in which we plan to make investments and loans totaling ¥180 billion, with emphasis on emerging countries in Asia, Africa, South America and elsewhere.

■ Businesses aimed at expanding stable earnings

- Expand existing businesses, and strive to accumulate assets and increase business earnings
- Examples of businesses: Overseas IPP, coal interests and peripheral businesses, methanol

■ Businesses aimed at expanding earnings and adapting to structural shifts

- Aim to innovate existing business models and strengthen earnings capacity over the medium to long term
- Examples of businesses: Lithium, basic petrochemicals, fertilizer, grain trading

■ Businesses in anticipation of future growth

- Construct new business foundations, aimed at monetization with a medium-to-long-term perspective
- Examples of businesses: Renewable energy production, infrastructure improvement, iron ore mining development

New investments and loans in business focus areas: ¥120 billion

+

Additional investments and loans in existing businesses: ¥60 billion

=

¥180 billion

9. Basic Policy on Dividends

Sojitz considers the stable, continuous payment of dividends to shareholders one of the most important management issues. An equally important issue is the need to enhance competitiveness and shareholder value by increasing internal capital reserves and using them effectively. Our basic policy under Medium-term Management Plan 2014 is a consolidated payout ratio of approximately 20%.

The Sojitz's Group's businesses are making steady progress as planned despite the net loss for the year ended March 31, 2012, which was the result of factors such as the reversal of deferred tax assets due to changes in Japan's tax code.

Sojitz decided to pay a year-end cash dividend of ¥1.50 per share for the year ended March 31, 2012 after considering factors including results for the fiscal year, shareholders' equity and requirements for funding investments in growth. Year-end dividends paid totaled ¥1,877 million. Including the interim dividend of ¥1.50 per share paid on December 2, 2011, cash dividends per share for the year ended March 31, 2012 totaled ¥3.00 per share, and dividends paid totaled ¥3,753 million.

Sojitz's Articles of Incorporation permit the payment of interim cash dividends by the resolution of the Board of Directors as stipulated by Article 454, Paragraph 5 of the Companies Act of Japan. As a result, Sojitz's basic policy is to pay dividends twice annually, with the interim dividend being approved by resolution of the Board of Directors and the year-end dividend being approved by the Ordinary General Shareholders' Meeting.

Consolidated Balance Sheets

Sojitz Corporation and Consolidated Subsidiaries
As of March 31, 2012 and 2011

	Millions of yen		Thousands of U.S. dollars (Note 1)
ASSETS	**2012**	2011	**2012**
Current Assets:			
Cash and cash equivalents (Notes 4 and 13)	¥ 427,274	¥ 415,261	$ 5,210,659
Time deposits (Notes 4 and 13)	16,033	4,728	195,524
Short-term investments (Notes 3 and 13)	697	1,313	8,500
Receivables (Notes 4, 13 and 16):			
Trade notes and trade accounts	481,299	469,669	5,869,500
Loans	1,322	3,931	16,122
Unconsolidated subsidiaries and affiliates	13,755	13,800	167,744
Allowance for doubtful receivables	(5,584)	(7,348)	(68,098)
Inventories (Note 4)	270,645	243,210	3,300,549
Advance payments to suppliers	38,756	54,770	472,634
Deferred tax assets (Note 8)	4,578	15,403	55,829
Other current assets (Note 4)	49,377	51,893	602,159
Total current assets	1,298,152	1,266,630	15,831,122
Investments and Long-term Receivables:			
Investment securities (Notes 3, 4 and 13)	107,339	115,716	1,309,012
Investments in and advances to unconsolidated subsidiaries and affiliates (Note 13)	228,315	236,025	2,784,329
Long-term loans, receivables and other (Notes 4 and 13)	121,611	122,821	1,483,061
Investment properties (Notes 4 and 19)	31,935	33,994	389,451
Allowance for doubtful receivables (Note 13)	(47,223)	(59,759)	(575,890)
Total investments and long-term receivables	441,977	448,797	5,389,963
Property and Equipment, at Cost (Notes 4, 5 and 19)**:**			
Land	53,430	55,114	651,585
Buildings and structures	116,084	111,538	1,415,659
Equipment, fixtures and others	190,462	179,187	2,322,707
Construction in progress	26,170	19,177	319,146
Accumulated depreciation	(152,885)	(149,241)	(1,864,451)
Net property and equipment	233,261	215,775	2,844,646
Other Non-current Assets:			
Goodwill	44,613	51,475	544,061
Deferred tax assets (Note 8)	22,443	52,882	273,695
Other intangible assets and deferred charges (Note 4)	80,151	81,402	977,451
Total other non-current assets	147,207	185,759	1,795,207
Total	¥2,120,597	¥2,116,961	$25,860,938

See accompanying notes to consolidated financial statements.

LIABILITIES AND NET ASSETS	Millions of yen 2012	Millions of yen 2011	Thousands of U.S. dollars (Note 1) 2012
Current Liabilities:			
Short-term debt, principally unsecured (Notes 4, 6 and 13)	¥ 117,698	¥ 116,929	$ 1,435,341
Commercial paper (Notes 6 and 13)	2,000	2,000	24,390
Current portion of long-term debt (Notes 4, 6 and 13)	199,826	190,727	2,436,902
Payables (Notes 4, 13 and 16):			
Trade notes and trade accounts	451,786	407,926	5,509,586
Unconsolidated subsidiaries and affiliates	10,013	7,059	122,110
Accrued expenses	12,147	10,083	148,134
Income taxes payable (Note 13)	8,851	6,591	107,939
Advances received from customers	44,776	55,266	546,049
Deferred tax liabilities (Note 8)	88	146	1,073
Other current liabilities (Note 4)	100,238	93,818	1,222,415
Total current liabilities	947,423	890,545	11,553,939
Non-current Liabilities:			
Long-term debt, less current portion (Notes 4, 6 and 13)	771,018	806,646	9,402,658
Employees' retirement and severance benefits (Note 7)	14,232	13,136	173,561
Deferred tax liabilities (Note 8)	21,294	19,783	259,683
Directors' and corporate auditors' retirement benefits	649	834	7,915
Other non-current liabilities (Note 4)	35,510	30,506	433,048
Total non-current liabilities	842,703	870,905	10,276,865
Total liabilities	1,790,126	1,761,450	21,830,804
Contingent liabilities (Note 15)			
Net Assets (Note 9)			
Owners' Equity:			
Common stock	160,340	160,340	1,955,366
Common stock at March 31, 2012			
Authorized—2,500,000,000 and 1,349,000,000 shares at March 31, 2012 and 2011, respectively			
Issued—1,251,499,501 shares			
Capital surplus	152,160	152,160	1,855,610
Retained earnings	151,706	159,359	1,850,073
Treasury stock: 475,587 shares and 416,962 shares at March 31, 2012 and 2011, respectively	(179)	(170)	(2,183)
Total owners' equity	464,027	471,689	5,658,866
Accumulated Other Comprehensive Income, Net of Tax:			
Net unrealized gain on available-for-sale securities	7,626	12,310	93,000
Net deferred gain on derivatives under hedge accounting	936	3,022	11,415
Land revaluation difference (Note 22)	(2,121)	(2,302)	(25,866)
Foreign currency translation adjustments	(163,687)	(153,984)	(1,996,183)
Minimum pension liability adjustment (Note 18)	(875)	(706)	(10,671)
Total accumulated other comprehensive income, net of tax	(158,121)	(141,660)	(1,928,305)
Minority Interests in Net Income	24,565	25,482	299,573
Total net assets	330,471	355,511	4,030,134
Total	¥2,120,597	¥2,116,961	$25,860,938

Consolidated Statements of Operations

Sojitz Corporation and Consolidated Subsidiaries
For the years ended March 31, 2012 and 2011

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
Net Sales (Total Trading Transactions)	¥4,494,237	¥4,014,640	$54,807,769
Cost of sales	4,262,671	3,821,915	51,983,793
Gross Trading Profit	231,566	192,725	2,823,976
Selling, General and Administrative Expenses (Note 10)	167,044	155,205	2,037,122
Operating Income	64,522	37,520	786,854
Other Income (Expenses):			
Interest income	5,994	4,309	73,098
Interest expense	(24,217)	(23,936)	(295,330)
Dividends	4,978	4,081	60,707
Equity in earnings of unconsolidated subsidiaries and affiliates	12,566	19,297	153,244
Foreign exchange loss	(146)	(2,848)	(1,780)
Other, net	(1,469)	6,893	(17,915)
Total	(2,294)	7,796	(27,976)
Ordinary Income	62,228	45,316	758,878
Extraordinary Gains (Losses) (Note 11)	(774)	(6,004)	(9,439)
Income before Income Taxes and Minority Interests	61,454	39,312	749,439
Income Taxes (Note 8)**:**			
Current	(18,482)	(11,400)	(225,390)
Deferred	(43,822)	(9,103)	(534,415)
Total	(62,304)	(20,503)	(759,805)
Net Income (Loss) before Minority Interests	(850)	18,809	(10,366)
Minority interests	(2,800)	(2,827)	(34,146)
Net Income (Loss)	¥ (3,650)	¥ 15,982	$ (44,512)

	Yen		U.S. dollars (Note 1)
Net income (loss) per share — basic	¥(2.92)	¥12.77	$(0.04)
Net income per share — diluted*1	—	12.77	—
Cash dividends per share*2	3.00	3.00	0.04

*1. Net income per share of FY2012 is not presented due to the net loss.
*2. The amounts represent the annual dividends per share on common stock of the Company.
See accompanying notes to consolidated financial statements.

Consolidated Statements of Comprehensive Income

Sojitz Corporation and Consolidated Subsidiaries
For the years ended March 31, 2012 and 2011

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
Net Income (Loss) before Minority Interests	¥ (850)	¥ 18,809	$ (10,366)
Other Comprehensive Income (Note 12)			
Net unrealized losses on available-for-sale securities	(2,803)	(1,558)	(34,183)
Net deferred gain (loss) on derivatives under hedge accounting	(1,900)	1,165	(23,171)
Land revaluation difference	77	—	939
Foreign currency translation adjustments	(1,302)	(26,545)	(15,878)
Minimum pension liability adjustment	(185)	129	(2,256)
Other comprehensive income from investments accounted for under the equity method	(10,660)	(8,654)	(130,000)
Total other comprehensive income	¥(16,773)	¥(35,463)	$(204,549)
Comprehensive Income	¥(17,623)	¥(16,654)	$(214,915)
Comprehensive income attributable to shareholders of Sojitz Group	(20,212)	(18,318)	(246,488)
Comprehensive income attributable to minority interests	2,589	1,664	31,573

Consolidated Statements of Changes in Net Assets

Sojitz Corporation and Consolidated Subsidiaries
For the years ended March 31, 2012 and 2011

	Millions of yen				
	Owners' Equity				
Year ended March 31, 2012	Common stock	Capital surplus	Retained earnings	Treasury stock	Total owners' equity
Balance at April 1, 2011	¥160,340	¥152,160	¥159,359	¥(170)	¥471,689
Changes of items during the fiscal year					
Cash dividends			(3,753)		(3,753)
Net loss			(3,650)		(3,650)
Decrease in land revaluation difference			(103)		(103)
Effect of changes in the scope of consolidated subsidiaries and affiliates accounted for under the equity method			(147)		(147)
Purchase of treasury stock				(9)	(9)
Effect of changes in equity interest of affiliates				0	0
Net changes of items other than owners' equity					
Total changes during the year	—	—	(7,653)	(9)	(7,662)
Balance at March 31, 2012	¥160,340	¥152,160	¥151,706	¥(179)	¥464,027

	Accumulated Other Comprehensive Income							
	Net unrealized gains (losses) on available-for-sale securities	Net deferred gain (loss) on derivatives under hedge accounting	Land revaluation difference	Foreign currency translation adjustments	Minimum pension liability adjustment	Total accumulated other comprehensive income	Minority Interests	Total net assets
Balance at April 1, 2011	¥12,310	¥ 3,022	¥(2,302)	¥(153,984)	¥(706)	¥(141,660)	¥25,482	¥355,511
Changes of items during the fiscal year								
Cash dividends								(3,753)
Net loss								(3,650)
Decrease in land revaluation difference								(103)
Effect of changes in the scope of consolidated subsidiaries and affiliates accounted for under the equity method								(147)
Purchase of treasury stock								(9)
Effect of changes in equity interest of affiliates								0
Net changes of items other than owners' equity	(4,684)	(2,086)	181	(9,703)	(169)	(16,461)	(917)	(17,378)
Total changes during the year	(4,684)	(2,086)	181	(9,703)	(169)	(16,461)	(917)	(25,040)
Balance at March 31, 2012	¥ 7,626	¥ 936	¥(2,121)	¥(163,687)	¥(875)	¥(158,121)	¥24,565	¥330,471

See accompanying notes to consolidated financial statements.

	Thousands of U.S. dollars (Note 1)				
	Owners' Equity				
Year ended March 31, 2012	Common stock	Capital surplus	Retained earnings	Treasury stock	Total owners' equity
Balance at April 1, 2011	$1,955,366	$1,855,610	$1,943,402	$(2,073)	$5,752,305
Changes of items during the fiscal year					
Cash dividends			(45,768)		(45,768)
Net loss			(44,512)		(44,512)
Decrease in land revaluation difference			(1,256)		(1,256)
Effect of changes in the scope of consolidated subsidiaries and affiliates accounted for under the equity method			(1,793)		(1,793)
Purchase of treasury stock				(110)	(110)
Effect of changes in equity interest of affiliates				0	0
Net changes of items other than owners' equity					
Total changes during the year	—	—	(93,329)	(110)	(93,439)
Balance at March 31, 2012	$1,955,366	$1,855,610	$1,850,073	$(2,183)	$5,658,866

	Accumulated Other Comprehensive Income							
	Net unrealized gains (losses) on available-for-sale securities	Net deferred gain (loss) on derivatives under hedge accounting	Land revaluation difference	Foreign currency translation adjustments	Minimum pension liability adjustment	Total accumulated other comprehensive income	Minority Interests	Total net assets
Balance at April 1, 2011	$150,122	$ 36,854	$(28,073)	$(1,877,854)	$ (8,610)	$(1,727,561)	$310,756	$4,335,500
Changes of items during the fiscal year								
Cash dividends								(45,768)
Net loss								(44,512)
Decrease in land revaluation difference								(1,256)
Effect of changes in the scope of consolidated subsidiaries and affiliates accounted for under the equity method								(1,793)
Purchase of treasury stock								(110)
Effect of changes in equity interest of affiliates								0
Net changes of items other than owners' equity	(57,122)	(25,439)	2,207	(118,329)	(2,061)	(200,744)	(11,183)	(211,927)
Total changes during the year	(57,122)	(25,439)	2,207	(118,329)	(2,061)	(200,744)	(11,183)	(305,366)
Balance at March 31, 2012	$ 93,000	$ 11,415	$(25,866)	$(1,996,183)	$(10,671)	$(1,928,305)	$299,573	$4,030,134

Consolidated Statements of Changes in Net Assets

	Millions of yen				
	Owners' Equity				
Year ended March 31, 2011	Common stock	Capital surplus	Retained earnings	Treasury stock	Total owners' equity
Balance at April 1, 2010	¥160,340	¥152,160	¥146,489	¥(169)	¥458,820
Changes of items during the fiscal year					
Cash dividends			(1,877)		(1,877)
Net income			15,982		15,982
Increase in land revaluation difference			247		247
Effect of changes in the scope of consolidated subsidiaries and affiliates accounted for under the equity method			(936)		(936)
Effect of changes in accounting policy for overseas affiliates accounted for under the equity method			(1,343)		(1,343)
Purchase of treasury stock				(2)	(2)
Reclassification of minimum pension liability adjustment			797		797
Effect of changes in equity interest of affiliates				1	1
Net changes of items other than owners' equity					
Total changes during the year	—	—	12,870	(1)	12,869
Balance at March 31, 2011	¥160,340	¥152,160	¥159,359	¥(170)	¥471,689

	Accumulated Other Comprehensive Income							
	Net unrealized gains (losses) on available-for-sale securities	Net deferred gain (loss) on derivatives under hedge accounting	Land revaluation difference	Foreign currency translation adjustments	Minimum pension liability adjustment	Total accumulated other comprehensive income	Minority Interests	Total net assets
Balance at April 1, 2010	¥14,845	¥2,358	¥(2,055)	¥(121,551)	¥ —	¥(106,403)	¥24,987	¥377,404
Changes of items during the fiscal year								
Cash dividends								(1,877)
Net income								15,982
Increase in land revaluation difference								247
Effect of changes in the scope of consolidated subsidiaries and affiliates accounted for under the equity method								(936)
Effect of changes in accounting policy for overseas affiliates accounted for under the equity method								(1,343)
Purchase of treasury stock								(2)
Reclassification of minimum pension liability adjustment								797
Effect of changes in equity interest of affiliates								1
Net changes of items other than owners' equity	(2,535)	664	(247)	(32,433)	(706)	(35,257)	495	(34,762)
Total changes during the year	(2,535)	664	(247)	(32,433)	(706)	(35,257)	495	(21,893)
Balance at March 31, 2011	¥12,310	¥3,022	¥(2,302)	¥(153,984)	¥(706)	¥(141,660)	¥25,482	¥355,511

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Sojitz Corporation and Consolidated Subsidiaries
For the years ended March 31, 2012 and 2011

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
Cash Flows from Operating Activities:			
Income before income taxes and minority interests	¥ 61,454	¥ 39,312	$ 749,439
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities:			
Depreciation and amortization	33,290	24,096	405,976
Impairment loss	6,101	9,687	74,402
Loss on devaluation of securities	2,640	801	32,195
Amortization of goodwill	4,999	4,548	60,963
Increase (decrease) in allowance for doubtful receivables	(15,162)	1,620	(184,902)
Increase in employees' retirement and severance benefits	1,130	902	13,780
Interest and dividend income	(10,972)	(8,390)	(133,805)
Interest expense	24,217	23,936	295,330
Foreign exchange loss, net	445	3,908	5,427
Equity in earnings of unconsolidated subsidiaries and affiliates	(12,566)	(19,298)	(153,244)
Gain on sale of investment securities	(9,287)	(755)	(113,256)
Gain on sale and disposal of property and equipment	(2,393)	(4,387)	(29,183)
Gain on subsequent acquisitions	(194)	(10,307)	(2,366)
Increase in trade receivables	(19,910)	(30,329)	(242,805)
Increase in inventories	(25,495)	(6,998)	(310,915)
Increase in trade payables	47,571	52,368	580,134
Other, net (Note 21)	27,277	8,792	332,647
	¥ 113,145	¥ 89,506	$ 1,379,817
Interest and dividends received	18,933	13,173	230,890
Interest paid	(23,884)	(24,014)	(291,268)
Income taxes paid	(16,593)	(10,802)	(202,354)
Net cash provided by operating activities	¥ 91,601	¥ 67,863	$ 1,117,085
Cash Flows from Investing Activities:			
Net decrease (increase) in time deposits	(11,048)	5,592	(134,732)
Net decrease (increase) in marketable securities	624	(345)	7,610
Purchase of property and equipment	(35,745)	(27,253)	(435,915)
Proceeds from sale of property and equipment	13,419	6,655	163,647
Purchase of intangible assets	(8,698)	(21,196)	(106,073)
Payments for purchase of investment securities	(10,025)	(20,647)	(122,256)
Proceeds from sale/redemption of investment securities	19,403	14,229	236,622
Decrease in short-term loans receivable, net	3,745	3,050	45,671
Increase of long-term loans receivable	(13,548)	(4,482)	(165,220)
Collection of long-term loans receivable	1,490	11,174	18,171
Net increase (decrease) from purchase of consolidated subsidiaries (Note 21)	(2,341)	2,552	(28,549)
Net decrease from sale of consolidated subsidiaries (Note 21)	(707)	(461)	(8,622)
Other, net (Note 21)	1,144	11,229	13,951
Net cash used in investing activities	¥ (42,287)	¥ (19,903)	$ (515,695)
Cash Flows from Financing Activities:			
Net increase (decrease) in short-term debt	3,432	(49,686)	41,853
Net decrease in commercial paper	—	(8,000)	—
Proceeds from long-term debt	128,062	167,048	1,561,732
Repayment of long-term debt	(133,647)	(155,603)	(1,629,841)
Proceeds from issuance of bonds	39,801	19,900	485,378
Redemption of bonds	(67,720)	(41,048)	(825,854)
Proceeds from issuance of common stock to minority shareholders	67	464	817
Purchase of treasury stock	(9)	(2)	(110)
Dividends paid	(3,753)	(1,877)	(45,768)
Dividends paid to minority shareholders	(1,417)	(1,925)	(17,280)
Other, net	(1,193)	(1,325)	(14,549)
Net cash used in financing activities	¥ (36,377)	¥ (72,054)	$ (443,622)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(924)	(14,471)	(11,268)
Net Increase (Decrease) in Cash and Cash Equivalents	12,013	(38,565)	146,500
Effect of Change in Scope of Consolidation	—	(436)	—
Cash and Cash Equivalents at the Beginning of the Year	415,261	454,262	5,064,159
Cash and Cash Equivalents at the End of the Year	¥ 427,274	¥ 415,261	$ 5,210,659

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Sojitz Corporation and Consolidated Subsidiaries

1 BASIS OF PRESENTING FINANCIAL STATEMENTS

The accompanying consolidated financial statements of Sojitz Corporation (the "Company") and consolidated subsidiaries are prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to the application and disclosure requirements from International Financial Reporting Standards.

The accounts of overseas subsidiaries are prepared based on International Financial Reporting Standards or accounting principles generally accepted in the United States of America ("U.S. GAAP"), with specific required adjustments.

The accompanying consolidated financial statements have been reclassified and translated into English from the consolidated financial statements of the Company prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Financial Instruments and Exchange Law of Japan. Some supplementary information included in the statutory Japanese consolidated financial statements is not presented in the accompanying consolidated financial statements.

Certain reclassifications and modifications have been made to present the accompanying consolidated financial statements in a format which is familiar to readers outside Japan, and certain amounts of the prior year financial statements have been reclassified to conform to the presentation of the financial statements for the year ended March 31, 2012.

For the convenience of readers outside Japan, the accompanying consolidated financial statements are also presented in United States dollars by translating Japanese yen amounts at the exchange rate of ¥82 to U.S.$1, the approximate rate of exchange at the end of March 31, 2012. Such translations should not be construed as representations that the Japanese yen amounts could be converted into United States dollars at the above or any other rate.

Additional information

"Accounting Standard for Accounting Changes and Error Corrections" (Accounting Standards Board of Japan ("ASBJ") Statement No. 24 issued on December 4, 2009) and "Guidance on Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Guidance No. 24 issued on December 4, 2009) have been adopted for the accounting changes and the prior year error corrections made after the beginning of the financial year ended March 31, 2012.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation

The consolidated financial statements include the accounts of the Company and its 323 (320 for the year ended March 31, 2011) significant domestic and foreign subsidiaries. All significant intercompany transactions and accounts have been eliminated.

Investments in 139 (155 for the year ended March 31, 2011) unconsolidated subsidiaries and affiliates, with minor exceptions, are accounted for by use of the equity method.

Goodwill, and negative goodwill recognized through business combinations undertaken before April 1, 2010, which is the difference between the book value of the Company's investment in the consolidated subsidiaries and in the above unconsolidated subsidiaries and affiliates, and its equity in net assets, is being amortized over a period of 5 to 20 years using the straight-line method.

The accounts of the subsidiaries that have a fiscal year end within three months prior to March 31 have been included in the consolidated financial statements based on their fiscal year, with reasonable adjustments to conform to the accounts as of March 31.

(Change in financial year end of the consolidated subsidiaries)

From the year ended March 31, 2012, reporting dates of the main subsidiaries, which had adopted different reporting dates from the Company, have been conformed to that of the Company for the sake of timely performance management and prompt implementation of management policies and divisional strategies within the consolidated group.

Accordingly, the reporting dates of the 47 consolidated subsidiaries have been changed to March 31, and the 36 subsidiaries, which have a different reporting date, have been consolidated using provisional financial statements at the consolidated reporting date.

As a result, the current financial statements of the 83 consolidated subsidiaries are prepared for the 15 months from January 1, 2011 to March 31, 2012, and compared to the financial statements prepared for the year from January 1, 2011 to December 31, 2011, there has been an increase in net sales of ¥171,984 million, gross trading profit of ¥16,663 million, operating income of ¥6,545 million, ordinary income of ¥8,049 million, income before income taxes and minority interests of ¥7,837 million and net income of ¥6,209 million.

Total other comprehensive income has increased by ¥13,671 million due to a ¥12,426 million increase of foreign currency translation adjustments.

The effect on the segmentation information is stated in Note 20.

Cash equivalents

The Company considers time deposits and highly liquid investments that are readily convertible into cash with a maturity of three months or less at the time of acquisition to be cash equivalents.

Foreign currency translation

Current and non-current receivables and payables denominated in foreign currencies are translated at current rates prevailing at the balance sheet date and the resulting exchange gains or losses are recognized in earnings.

Translations of foreign consolidated subsidiaries' financial statements are made at the year-end rate for balance sheet items, except for net assets, which is translated at historical rates, and at the annual average rate for items in the consolidated statements of operations. Resulting translation adjustments are reflected in the consolidated financial statements as foreign currency translation adjustments under accumulated other comprehensive income in a separate component of net assets.

Allowance for doubtful receivables

The allowance for doubtful receivables is stated in an amount sufficient to cover probable losses on collection of receivables outstanding based on estimates of individually uncollectible amounts. General reserve for other receivables is calculated based on the past credit losses experience.

Inventories

Inventories held for sale in the ordinary course of business are principally stated at the lower of cost using the specific-identification method or on a moving-average basis, or net selling value. Foreign subsidiaries state inventories at the lower of specific-identified cost or market.

Inventories held for trading purposes are stated at the market price.

Capitalization of interest costs

Interest costs on certain real estate under construction are capitalized until sales are realized to enable better matching of revenue and costs.

Short-term investments and investment securities

Short-term investments and investment securities are classified as either (a) securities held for trading purposes (hereinafter referred to as "trading securities"), (b) debt securities intended to be held to maturity (hereinafter referred to as "held-to-maturity debt securities") or (c) securities other than the above (hereinafter referred to as "available-for-sale securities").

Trading securities, held-to-maturity debt securities and available-for-sale securities are stated in the following manner:

(1) Trading securities' gains and losses realized on sales and unrealized gains and losses from market value fluctuations are recognized as gains or losses in the period of the change.

(2) Held-to-maturity debt securities are stated at amortized cost.

(3) Available-for-sale securities with available fair market values are stated at fair value. Net unrealized gains and losses on available-for-sale securities are stated, net of tax, in net assets on the balance sheet. Available-for-sale securities with no readily available fair market value are stated at cost using the moving-average method.

(4) Certain write-downs of securities are recognized in earnings when the securities have substantial losses and are not expected to recover such losses in the near future. Investments in a limited partnership for investment or a similar partnership (that can be considered as securities in accordance with Article 2, Paragraph 2 of the Financial Instruments and Exchange Law) 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.

Short-term investments with a maturity of three months or less at the time of acquisition are included in cash and cash equivalents. The amount as of March 31, 2012 was ¥600 million (U.S. $7,317 thousand).

Deferred charges

All costs incurred in connection with the issuance of new shares and disposal of treasury stock are amortized over 3 years using the straight-line method. Bond issue expenses are amortized using the straight-line method over the period through redemption.

Property and equipment (other than leased assets)

Property and equipment are principally depreciated using the declining-balance method, except that the buildings acquired after March 31, 1998 are depreciated using the straight-line method.

The estimated useful lives of "Buildings and structures" and "Equipment, fixtures and others" are mainly 2-60 years and 2-40 years, respectively.

Intangible assets (other than leased assets)

Intangible assets are principally depreciated using the straight-line method. Internal use software is included in intangible assets and is amortized using the straight-line method over the estimated useful life of 5 years. Some consolidated subsidiaries amortize mining rights using the production output method.

Leased assets

Leased assets in finance lease transactions without transfer of ownership are depreciated using the straight-line method based on the assumption that the useful life is equal to the lease term and the residual value is equal to zero. The Company and its domestic consolidated subsidiaries account for the lease transactions that commenced prior to April 1, 2008 and do not transfer ownership of the leased property to the lessee as operating lease transactions.

Investment properties

Investment properties are principally depreciated using the straight-line method.

The estimated useful lives of "Buildings and structures" and "Equipment, fixtures and others" for investment are mainly 4-50 years and 10 years, respectively.

Employees' retirement and severance benefits

The Company and certain consolidated subsidiaries provide for employees' retirement benefits based on the present value of projected benefit obligations attributable to employee services rendered by the end of the year and the fair value of the pension plan assets at the end of the fiscal years.

Directors' and corporate auditors' retirement benefits

The provision for expected payment of directors' and corporate auditors' retirement benefits of certain consolidated subsidiaries is recognized based on internal regulations.

Net sales (total trading transactions) and gross trading profit

As general trading companies, the Company and certain of its consolidated subsidiaries act either as principal or agent in trading transactions. Net sales represent the sales volume of all those transactions in which the companies participate, whether as principal or agent. Gross trading profit consists of the gross margin (sales less cost of sales) on transactions in which the companies act as principal and commissions on transactions in which the companies serve as agent.

Impairment loss

The Company and its consolidated subsidiaries review their property, equipment and intangible assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss would be recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

Income taxes
Deferred tax assets and liabilities are recognized for the estimated future tax effects attributable to temporary differences between the carrying amounts and the tax bases of assets and liabilities, and tax losses that can be carried forward, and are measured using the enacted tax rate that will be in effect when the differences are expected to be recovered or settled. The Company and some domestic subsidiaries apply the consolidated tax return reporting system.

Net income per share
The computation of net income per share is based on the weighted average number of shares of common stock outstanding in each period. Diluted net income per share is based on the weighted average number of shares of common stock outstanding plus any potentially dilutive securities.

Derivative financial instruments
The Company and certain consolidated subsidiaries state derivative financial instruments at fair value and recognize changes in fair value as gains or losses unless derivative financial instruments are used for hedging purposes.

If derivative financial instruments are used as hedges and meet certain hedging criteria, the Company and its consolidated subsidiaries defer recognition of gains or losses resulting from changes in fair value of derivative financial instruments until the related losses or gains on the hedged items are realized.

If interest rate swap contracts are used as hedges and meet certain hedging criteria, the net amount to be paid or received under the interest rate swap contract is added to or deducted from the interest on the assets or liabilities for which the swap contract was executed.

3 SHORT-TERM INVESTMENTS AND INVESTMENT SECURITIES

Information regarding each category of securities classified as trading and available-for-sale with available fair market values at March 31, 2012 and 2011 is as follows:

	Millions of yen			
March 31, 2012	Cost	Unrealized gains	Unrealized losses	Book value
Securities classified as:				
Available-for-sale with available fair market values:				
Equity securities	¥63,421	¥15,271	¥(8,896)	¥69,796
Debt securities				
Foreign bonds	0	76	—	76
Other	496	3	(22)	477
Total	¥63,917	¥15,350	¥(8,918)	¥70,349

	Thousands of U.S. dollars			
March 31, 2012	Cost	Unrealized gains	Unrealized losses	Book value
Securities classified as:				
Available-for-sale with available fair market values:				
Equity securities	$773,427	$186,232	$(108,488)	$851,171
Debt securities				
Foreign bonds	0	927	—	927
Other	6,049	36	(268)	5,817
Total	$779,476	$187,195	$(108,756)	$857,915

In addition to the securities listed above, the Company and consolidated subsidiaries hold trading securities of ¥697 million (U.S.$8,500 thousand) which are equal to their fair value, as of March 31, 2012. The net holding losses on trading securities included in earnings for the year ended March 31, 2012 amounted to ¥105 million (U.S.$1,280 thousand).

The Company and consolidated subsidiaries hold no securities held to maturity at March 31, 2012.

Total proceeds from the sale of available-for-sale securities in the year ended March 31, 2012 amounted to ¥1,107 million (U.S.$13,500 thousand) and the related gains and losses amounted to ¥580 million (U.S.$7,073 thousand) and ¥1 million (U.S.$12 thousand), respectively.

	Millions of yen			
March 31, 2011	Cost	Unrealized gains	Unrealized losses	Book value
Securities classified as:				
Available-for-sale with available fair market values:				
Equity securities	¥65,439	¥17,232	¥(7,520)	¥75,151
Debt securities				
Government bonds	10	1	—	11
Foreign bonds	88	494	—	582
Other	1,005	22	(20)	1,007
Total	¥66,542	¥17,749	¥(7,540)	¥76,751

In addition to the securities listed above, the Company and consolidated subsidiaries hold trading securities of ¥810 million which are equal to their fair value, as of March 31, 2011. The net holding gains on trading securities included in earnings for the year ended March 31, 2011 amounted to ¥94 million.

The Company and consolidated subsidiaries hold no securities held to maturity at March 31, 2011.

Total proceeds from the sale of available-for-sale securities in the year ended March 31, 2011 amounted to ¥1,821 million and the related gains and losses amounted to ¥956 million and ¥36 million, respectively.

Investment securities without fair market value at March 31, 2012 and 2011 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Securities:			
Equity securities	¥33,401	¥33,984	$407,329
Corporate bonds	0	268	0
Domestic bonds	1	1	12
Partnership	1,051	1,809	12,817

4 PLEDGED ASSETS

At March 31, 2012, the following assets are pledged as collateral for short-term debt, trade notes, accounts payable and other current liabilities of ¥4,095 million (U.S.$49,939 thousand), long-term debt and other non-current liabilities of ¥41,447 million (U.S.$505,451 thousand) and transactions and other guarantees:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Cash equivalents and time deposits	¥ 1,315	¥ 2,586	$ 16,037
Trade notes and trade accounts receivable	69	502	841
Investment securities	40,410	40,491	492,805
Inventories	—	21,837	—
Other current assets	—	71	—
Investment properties	2,630	2,731	32,073
Property and equipment, less accumulated depreciation	48,179	39,671	587,549
Other intangible assets and deferred charges	20	30	244
Total	¥92,623	¥107,919	$1,129,549

Also pledged are the shares of consolidated subsidiaries amounting to ¥19,891 million (U.S.$242,573 thousand) that are eliminated in consolidation as of March 31, 2012.

5 IMPAIRMENT LOSS

The impairment of property, equipment, and intangible assets resulted primarily from significant decline of profitability of properties.

Regional breakdown of impairment losses for the years ended March 31, 2012 and 2011 is as follows:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Kanto region in Japan			
Business properties, corporate assets, and other assets			
Land	¥ —	¥ 110	$ —
Buildings and structures	—	402	—
Equipment, fixtures and others	—	140	—
Investment properties	1,045	—	12,744
Other intangible assets and deferred charges	3,083	—	37,598
Chubu region in Japan			
Idle properties and business properties			
Land	—	421	—
Equipment, fixtures and others	—	8	—
Kinki region in Japan			
Business properties			
Land	—	1,052	—
Buildings and structures	258	515	3,146
Equipment, fixtures and others	14	9	171
Tohoku region in Japan			
Business properties			
Land	171	—	2,085
Buildings and structures	2	—	24
United States of America			
Business properties			
Other intangible assets and deferred charges	—	1,712	—
Australia			
Business properties			
Buildings and structures	1,034	1,251	12,610
Other intangible assets and deferred charges	—	3,552	—
Netherlands			
Business properties			
Equipment, fixtures and others	138	—	1,683
Other			
Idle properties and business properties			
Equipment, fixtures and others	151	515	1,841
Other intangible assets and deferred charges	205	—	2,500
Total	¥6,101	¥9,687	$74,402

Impairment loss was recorded at the amount by which the carrying amount of each asset exceeded its estimated fair value based on real estate appraisal standards or future cash flows from ongoing utilization and subsequent disposition of the asset discounted at 3.3% for the year ended March 31, 2012 and at 3.4% for the year ended March 31, 2011.

Impairment loss on property, equipment, and intangible assets is recorded as an extraordinary loss.

6 SHORT-TERM DEBT AND LONG-TERM DEBT

A summary of short-term debt at March 31, 2012 and 2011 is as follows:
Short-term loans are principally from financial institutions.

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Short-term loans at the average interest rate of 2.62% (2.66% in FY2011)	¥117,698	¥116,929	$1,435,341
Commercial paper at the average interest rate of 0.25% (0.30% in FY2011)	2,000	2,000	24,390

A summary of long-term debt at March 31, 2012 and 2011 is as follows:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
2.38% bonds due 2011 payable in Japanese yen	¥ —	¥ 20,000	$ —
2.39% bonds due 2012 payable in Japanese yen	—	20,000	—
2.16% bonds due 2012 payable in Japanese yen	10,000	10,000	121,951
1.79% bonds due 2012 payable in Japanese yen	15,000	15,000	182,927
1.90% bonds due 2013 payable in Japanese yen	10,000	10,000	121,951
1.87% bonds due 2011 payable in Japanese yen	—	20,000	—
2.19% bonds due 2013 payable in Japanese yen	10,000	10,000	121,951
2.00% bonds due 2012 payable in Japanese yen	10,000	10,000	121,951
1.03% bonds due 2013 payable in Japanese yen	10,000	10,000	121,951
0.91% bonds due 2015 payable in Japanese yen	10,000	10,000	121,951
1.01% bonds due 2016 payable in Japanese yen	10,000	—	121,951
0.60% bonds due 2014 payable in Japanese yen	10,000	—	121,951
0.90% bonds due 2016 payable in Japanese yen	10,000	—	121,951
0.72% bonds due 2015 payable in Japanese yen	10,000	—	121,951
3.35% bonds due 2012 payable in Japanese yen (*)	—	7,720	—
Long-term loans, principally from commercial and trust banks and insurance companies, maturing through 2029 at the average interest rate of 1.90%	762,761	766,062	9,301,964
Long-term loans, from governmental financial institutions, principally Japan Bank for International Cooperation, maturing through 2026 at an average interest rate of 1.98%	92,020	87,235	1,122,196
Other long-term indebtedness, maturing through 2031 at an average interest rate of 3.35%	1,063	1,356	12,963
Total	¥ 970,844	¥ 997,373	$11,839,560
Less current portion	(199,826)	(190,727)	(2,436,902)
Total	¥ 771,018	¥ 806,646	$ 9,402,658

* The bond issued by Shobu Project was repaid on June 30, 2011 as advanced redemption.

The aggregate annual amounts of long-term debt maturing in the years ending March 31, 2013 to 2018 and thereafter, are as follows:

	Millions of yen	Thousands of U.S. dollars
2013	¥199,826	$ 2,436,902
2014	245,036	2,988,244
2015	181,250	2,210,366
2016	144,929	1,767,427
2017	138,499	1,689,012
2018 and thereafter	61,304	747,609
Total	¥970,844	$11,839,560

(Commitment Line Agreements)

The Company and a part of its subsidiaries enter into the following commitment line agreements for the purpose of securing a flexible measure for raising funds and ensuring liquidity:

(a) ¥100,000 million (U.S.$1,219,512 thousand) of commitment line agreement No outstanding loans based on this contract

(b) Multi Currency U.S. $ 300,000 thousands of commitment line agreement

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Maximum loan amount	¥24,600	—	$300,000
Used portion of the commitment line	(1,066)	—	(13,000)
Balance	¥23,534	—	$287,000

7 EMPLOYEES' RETIREMENT AND SEVERANCE BENEFITS

The Company has defined contribution pension plans, prepaid retirement allowance plans and lump-sum payment plans. Certain domestic consolidated subsidiaries have defined benefit plans, i.e., tax-qualified pension plans and lump-sum payment plans, covering substantially all employees who are entitled to lump-sum or annuity payments, the amounts of which are determined by reference to their basic rate of pay, length of service and the conditions under which termination occurs.

Some foreign consolidated subsidiaries also have defined benefit plans. Some consolidated subsidiaries have established a retirement allowance trust.

The liability of employees' retirement benefits at March 31, 2012 and 2011 consists of the following:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Retirement benefit obligation	¥(19,228)	¥(18,440)	$(234,488)
Plan assets at fair value	4,284	4,830	52,244
Unfunded retirement benefit obligation	(14,944)	(13,610)	(182,244)
Unamortized net retirement benefit obligation at transition	—	11	—
Unrecognized actuarial loss	992	758	12,098
Unrecognized prior service cost	(72)	(125)	(878)
Net retirement benefit obligation	(14,024)	(12,966)	(171,024)
Prepaid pension cost	208	170	2,537
Employees' retirement and severance benefits	¥(14,232)	¥(13,136)	$(173,561)

The components of net periodic pension costs for the years ended March 31, 2012 and 2011 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Service cost	¥2,448	¥2,587	$29,854
Interest cost	467	395	5,695
Other costs	1,265	1,116	15,427
Expected return on plan assets	(138)	(254)	(1,683)
Amortization of net retirement benefit obligation at transition	11	12	134
Amortization of actuarial losses	405	689	4,939
Amortization of prior service cost	(40)	(40)	(488)
Total	¥4,418	¥4,505	$53,878

The basis of calculation of benefit obligations for the years ended March 31, 2012 and 2011 is as follows:

	2012	2011
Allocation of payment of expected retirement benefits	Straight-line method	Straight-line method
Discount rate	mainly 1.5-2.3%	mainly 1.4-2.3%
Expected rate of return on plan assets	mainly 2.0-3.5%	mainly 2.0-3.5%
Amortization of prior service cost	mainly 5 or 9 years	mainly 5 or 9 years
Amortization of actuarial losses	mainly 5 or 10 years	mainly 5 or 10 years
Amortization of net retirement benefit obligation at transition	mainly 10 years	mainly 10 years

8 INCOME TAXES

As of March 31, 2012 and 2011, the major components of deferred tax assets and deferred tax liabilities are as follows:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Deferred tax assets:			
Allowance for doubtful receivables	¥ 11,394	¥ 14,791	$ 138,951
Employees' retirement and severance benefits	4,374	4,835	53,341
Net operating loss carryforwards	115,234	246,297	1,405,293
Losses on revaluation of securities	25,108	28,124	306,195
Loss from merger	1,054	1,201	12,854
Depreciation	20,543	2,515	250,524
Other	24,831	31,193	302,817
Total deferred tax assets	202,538	328,956	2,469,975
Valuation allowance	(153,981)	(239,067)	(1,877,817)
Offset to deferred tax liabilities	(21,536)	(21,604)	(262,634)
Total deferred tax assets, net	27,021	68,285	329,524
Deferred tax liabilities:			
Profit from merger	4,419	5,106	53,890
Depreciation	23,929	23,883	291,817
Unrealized gains on available-for-sale securities	1,411	2,730	17,207
Land revaluation difference (Note 22)	697	774	8,500
Other	12,462	9,040	151,976
Total deferred tax liabilities	42,918	41,533	523,390
Offset to deferred tax assets	(21,536)	(21,604)	(262,634)
Total deferred tax liabilities, net	21,382	19,929	260,756
Net deferred tax assets	¥ 5,639	¥ 48,356	$ 68,768

As of March 31, 2012 and 2011, the amounts of the net deferred tax assets and liabilities are shown in the following accounts in the consolidated balance sheet.

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Deferred tax assets—current	¥ 4,578	¥15,403	$ 55,829
Deferred tax assets—non-current	22,443	52,882	273,695
Deferred tax liabilities—current	88	146	1,073
Deferred tax liabilities—non-current	21,294	19,783	259,683

Japanese domestic companies are subject to taxes on income, which consist of national corporate tax, local inhabitant tax and enterprise tax.

A reconciliation between the statutory tax rate of 41.0% and the effective rates of income taxes reflected in the accompanying consolidated statements of income for the years ended March 31, 2012 and 2011 is as follows:

	2012	2011
Statutory tax rate	41.0%	41.0%
Valuation allowance	43.1	45.9
Effect of taxation in dividends	17.6	35.9
Effect of equity in earnings of unconsolidated subsidiaries and affiliates	(8.0)	(19.1)
Difference of tax rates for foreign subsidiaries	(11.4)	(11.8)
Undistributed earnings of tax-haven subsidiaries	3.5	3.5
Effect of tax rate reduction	3.5	—
Foreign exchange adjustment for capital reduction of foreign subsidiaries	—	(25.0)
Unrecognized tax effect accounting of subsidiaries and affiliates	(0.0)	(25.4)
Other—net	12.1	7.2
Effective tax rate	101.4%	52.2%

(Adjustment of deferred tax assets and deferred tax liabilities due to the change in the corporate tax rates)
Following the promulgation on December 2, 2011, of the "Act for Partial Revision of the Income Tax Act, etc., for the Purpose of Creating a Taxation System Responding to Changes in Economic and Social Structures" (Act No. 114 of 2011) and "Act on Special Measures for Securing Financial Resources Necessary to Implement Measures for Resources Necessary to Implement Measures for Reconstruction following the Great East Japan Earthquake" (Act No. 117 of 2011), effective from fiscal years beginning on and after April 1, 2012, the corporate tax rate has changed.

Along with this reform, the effective statutory tax rate used to measure deferred tax assets and deferred tax liabilities will be as follows for temporary differences which are expected to be realized:

During the period from April 1, 2012 to March 31, 2015 — 38.01%

During the period after April 1, 2015 — 35.64%

The effect of this change was to decrease deferred tax assets by ¥1,836 million (U.S.$22,390 thousand) and increase income taxes — deferred by ¥2,137 million (U.S.$26,061 thousand) and net unrealized gains on available-for-sale securities by ¥301 million (U.S.$3,671 thousand).

9 NET ASSETS

The Companies Act of Japan provides that:
(a) The entire amount paid for new shares may be credited to the stated capital, with the provision that, by resolution of the Board of Directors, up to one-half of such amount paid for new shares may be credited to additional paid-in capital, which is included in capital surplus, and
(b) An amount equal to 10% of cash appropriations of retained earnings shall be set aside as additional paid-in capital or legal earnings reserve until the total of such reserve and additional paid-in capital equals 25% of the stated capital. Additional paid-in capital and legal earnings reserve may be used to eliminate or reduce a deficit, if any, or be capitalized by resolution at the Ordinary General Meeting of Shareholders. All additional paid-in capital and all legal earnings reserve may be transferred to other capital surplus and retained earnings, respectively, which are potentially available for dividends. Additional paid-in capital and legal earnings reserve are included in capital surplus and retained earnings, respectively.

The maximum amount that the Company can distribute as dividends is calculated based on the non-consolidated financial statements of the Company in accordance with Japanese laws and regulations.

The Company paid interim cash dividends amounting to ¥1,877 million (U.S.$22,890 thousand) in accordance with the resolution at the Board of Directors meeting held on November 1, 2011.

At the Ordinary General Shareholders' Meeting of the Company on June 26, 2012, the shareholders approved year-end dividends amounting to ¥1,877 million (U.S.$22,890 thousand). Such appropriations have not been accrued in the consolidated financial statements as of March 31, 2012. Such appropriations are recognized in the period in which they are approved by the shareholders.

10 SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Details of "Selling, General and Administrative Expenses" in the consolidated statements of operations for the years ended March 31, 2012 and 2011 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Directors' remuneration and salaries for employees	¥ 59,313	¥ 56,308	$ 723,329
Employees' retirement and severance benefits	3,892	4,212	47,463
Welfare	11,100	9,984	135,366
Travelling expenses	7,303	6,552	89,061
Rent	12,233	11,748	149,183
Legal and professional fees	11,352	11,079	138,439
Depreciation	6,381	5,475	77,817
Provision for doubtful receivables	1,101	620	13,427
Amortization of goodwill	5,581	5,139	68,061
Other	48,788	44,088	594,976
Total	¥167,044	¥155,205	$2,037,122

11 EXTRAORDINARY GAINS (LOSSES)

Classification of extraordinary gains (losses) is in accordance with Japanese GAAP. The following are the components of extraordinary gains (losses):

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Gain on sale of investment securities	¥ 9,468	¥ 1,454	$115,463
Loss on devaluation of investment securities	(2,640)	(801)	(32,195)
Gain on sale and disposal of properties and equipment	2,393	4,387	29,183
Loss on sale of investment properties	(19)	(386)	(232)
Loss and provision for loss on dissolution of subsidiaries and affiliates	(2,648)	(4,856)	(32,293)
Restructuring losses	—	(5,097)	—
Dilution losses from changes in equity interest	(182)	(787)	(2,220)
Gain on reversal of allowance for doubtful receivables	—	1,273	—
Gain on bad debt recovered	—	57	—
Impairment loss (Note 5)	(6,101)	(9,687)	(74,402)
Retirement benefit cost	(99)	—	(1,207)
Bargain purchase gain	1,208	404	14,732
Gain on subsequent acquisitions	194	10,307	2,366
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	(961)	—
Losses from natural disaster	—	(1,311)	—
Losses from lawsuit and others	(2,348)	—	(28,634)
Extraordinary gains (losses), net	¥ (774)	¥ (6,004)	$ (9,439)

12 OTHER COMPREHENSIVE INCOME

The following shows a breakdown of both reclassification adjustment to profit or loss and income tax effect in relation to the other comprehensive income included in the consolidated statements of comprehensive income:

	Millions of yen	Thousands of U.S. dollars
	2012	2012
Net unrealized gains (losses) on available-for-sale securities		
Gain (loss) arising during the year	¥ (5,407)	$ (65,939)
Reclassification adjustments	1,403	17,110
Amount before income tax effect	(4,004)	(48,829)
Income tax effect	1,201	14,646
Net unrealized gains (losses) on available-for-sale securities	(2,803)	(34,183)
Net deferred gain (loss) on derivatives under hedge accounting		
Gain (loss) arising during the year	116	1,415
Reclassification adjustments	(2,660)	(32,439)
Amount before income tax effect	(2,544)	(31,024)
Income tax effect	644	7,853
Net deferred gain (loss) on derivatives under hedge accounting	(1,900)	(23,171)
Land revaluation difference		
Income tax effect	77	939
Land revaluation difference	77	939
Foreign currency translation adjustments		
Gain (loss) arising during the year	(2,025)	(24,695)
Reclassification adjustments	723	8,817
Foreign currency translation adjustments	(1,302)	(15,878)
Minimum pension liability adjustment		
Gain (loss) arising during the year	(331)	(4,037)
Reclassification adjustments	33	403
Amount before income tax effect	(298)	(3,634)
Income tax effect	113	1,378
Minimum pension liability adjustment	(185)	(2,256)
Other comprehensive income (loss) from investments accounted for under the equity method		
Gain (loss) arising during the year	(10,663)	(130,037)
Reclassification adjustments	3	37
Other comprehensive income from investments accounted for under the equity method	(10,660)	(130,000)
Total other comprehensive income	¥(16,773)	$(204,549)

13 FINANCIAL INSTRUMENTS

(1) Status of Financial Instruments Held by the Company

As a general trading company, the Group is engaged in a wide range of businesses globally, including buying, selling, importing and exporting goods, manufacturing and selling products, providing services, planning and coordinating projects, making investments in various sectors and conducting financial activities in Japan and overseas. In order to carry out these businesses, the Group has set a target long-term debt ratio and raised funds, not only through indirect financing from financial institutions, but also through direct financing by securitization as well as the issuance of bonds and commercial paper. In this manner, the Group aims to maintain and improve 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 portfolio 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

Information on book value and fair value of financial instruments and derivative instruments at March 31, 2012 and 2011 is as follows:

	Millions of yen			Thousands of U.S. dollars		
March 31, 2012	Book value	Fair value	Differences	Book value	Fair value	Differences
Assets						
Cash and cash equivalents	¥ 427,274	¥ 427,274	¥ —	$ 5,210,659	$ 5,210,659	$ —
Time deposits	16,033	16,033	—	195,524	195,524	—
Trade notes and trade accounts receivable (*1)	490,709			5,984,256		
Allowance for doubtful receivables (*2)	(3,150)			(38,415)		
Trade notes and trade accounts, net	487,559	487,259	(300)	5,945,841	5,942,183	(3,658)
Short-term loans receivable (excluding current portion of long-term loans receivable) (*1)	1,529			18,646		
Allowance for doubtful receivables (*2)	(504)			(6,146)		
Short-term loans receivable, net	1,025	1,025	—	12,500	12,500	—
Short-term investments and investment securities						
Trading securities	697	697	—	8,500	8,500	—
Available-for-sale securities	70,349	70,349	—	857,915	857,915	—
Investments in and advances to unconsolidated subsidiaries and affiliates (*3)	9,304	6,497	(2,807)	113,463	79,232	(34,231)
Long-term loans receivable (including current portion) (*1)	26,553			323,818		
Allowance for doubtful receivables (*2)	(291)			(3,549)		
Long-term loans receivable, net	26,262	24,020	(2,242)	320,269	292,927	(27,342)
Doubtful receivables (*1,4)	68,165			831,280		
Allowance for doubtful receivables (*2)	(43,661)			(532,451)		
Doubtful receivables, net	24,504	24,504	—	298,829	298,829	—
Total	¥1,063,007	¥1,057,658	¥ 5,349	$12,963,500	$12,898,269	$ 65,231
Liabilities						
Short-term debt (principally unsecured)	¥ 117,698	¥ 117,698	¥ —	$ 1,435,341	$ 1,435,341	$ —
Commercial paper	2,000	2,000	—	24,390	24,390	—
Payables	461,799	461,771	(28)	5,631,696	5,631,354	(342)
Income taxes payable	8,851	8,851	—	107,939	107,939	—
Long-term debt (including current portion)	970,844	989,865	19,021	11,839,560	12,071,524	231,964
Total	¥1,561,192	¥1,580,185	¥18,993	$19,038,926	$19,270,548	$231,622
Derivatives (*5)	¥ (5,640)	¥ (5,640)	¥ —	$ (68,780)	$ (68,780)	$ —

*1. The presented amounts include receivables due from unconsolidated subsidiaries and affiliates.
*2. Trade notes and trade accounts receivable, short-term loans receivable (excluding current portion of long-term loans receivables), long-term loans receivable (including current portion) and doubtful receivables are stated net of individual allowance for doubtful receivables.
*3. Investments in and advances to unconsolidated subsidiaries and affiliates without available fair market value amounting to ¥199,791 million (U.S.$2,436,476 thousand) are not included.
*4. Doubtful receivables are included in long-term loans, receivables and other on the consolidated balance sheets. The amount of long-term loans, receivables and other excluding bad debts amounting to ¥41,463 million (U.S.$505,646 thousand) is not presented above.
*5. Derivatives are stated at the net amount of receivables and payables arising from derivative transactions.

	Millions of yen		
March 31, 2011	Book value	Fair value	Differences
Assets			
Cash and cash equivalents	¥ 415,261	¥ 415,261	¥ —
Time deposits	4,728	4,728	—
Trade notes and trade accounts receivable (*1)	478,881		
Allowance for doubtful receivables (*2)	(4,593)		
Trade notes and trade accounts, net	474,288	474,032	(256)
Short-term loans receivable (excluding current portion of long-term loans receivable) (*1)	1,795	1,795	—
Short-term investments and investment securities			
Trading securities	810	810	—
Available-for-sale securities	76,751	76,751	—
Investments in and advances to unconsolidated subsidiaries and affiliates (*3)	11,880	8,826	(3,054)
Long-term loans receivable (including current portion) (*1)	20,094		
Allowance for doubtful receivables (*2)	(1,748)		
Long-term loans receivable, net	18,346	17,987	(359)
Doubtful receivables (*1,4)	79,972		
Allowance for doubtful receivables (*2)	(54,195)		
Doubtful receivables, net	25,777	25,777	—
Total	¥1,029,636	¥1,025,967	¥ (3,669)
Liabilities			
Short-term debt (principally unsecured)	¥ 116,929	¥ 116,929	¥ —
Commercial paper	2,000	2,000	—
Payables	414,985	414,967	(18)
Income taxes payable	6,591	6,591	—
Long-term debt (including current portion)	997,373	1,018,247	20,874
Total	¥1,537,878	¥1,558,734	¥20,856
Derivatives (*5)	¥ 1,982	¥ 1,982	¥ —

*1. The presented amounts include receivables due from unconsolidated subsidiaries and affiliates.
*2. Trade notes and trade accounts receivable, long-term loans receivable (including current portion) and doubtful receivables are stated net of individual allowance for doubtful receivables.
*3. Investments in and advances to unconsolidated subsidiaries and affiliates without available fair market value amounting to ¥208,861 million are not included.
*4. Doubtful receivables are included in long-term loans, receivables and other on the consolidated balance sheets. The amount of long-term loans, receivables and other excluding bad debts amounting to ¥35,678 million is not presented above.
*5. Derivatives are stated at the net amount of receivables and payables arising from derivative transactions.

The following methods and assumptions are used to estimate the fair value of each class of instruments.

Cash and cash equivalents, time deposits and short-term loans receivable (excluding current portion of long-term loans receivable):
The estimated fair values of cash and cash equivalents, time deposits and short-term loans receivable (excluding current portion of long-term loans receivable) approximate their book value due to the relatively short maturities of these instruments.

Trade notes and trade accounts receivable and long-term loans receivable (including current portion):
The fair values of trade notes and trade accounts receivable and long-term loans receivable (including current portion) are measured at the amount discounted at the assumed corporate discount rate separately set for each classification of assets. Forward exchange contracted amounts that are assigned to associated assets are reflected on those presented in the balance sheet, and therefore, fair values of forward exchange contracts are included in the fair value of the receivables.

Short-term investments and investment securities:
The fair values of short-term investments and investment securities are measured at quoted market prices. Investment securities without fair market value are not included in above. These are presented in Note 3.

Investments in and advances to unconsolidated subsidiaries and affiliates:
The fair values of investments in and advances to unconsolidated subsidiaries and affiliates are estimated using quoted market prices.

Doubtful receivables:
The allowance for doubtful receivables is stated in an amount sufficient to cover probable losses on collection of receivables outstanding based on estimates of individually collectible amounts through collaterals and guarantees. Therefore, the fair value of doubtful receivables approximates the balance of doubtful receivables, net of allowance for doubtful receivables, in the balance sheet as of the fiscal year end.

Short-term debt (principally unsecured), commercial paper and income taxes payable:
The estimated fair value of short-term debt (principally unsecured), commercial paper and income taxes payable approximate their book value due to the relatively short maturities of these instruments.

Payables:
The fair values of payables are measured at the amount to be paid at maturity discounted at the assumed corporate discount rate separately set for each classification of liabilities. Forward exchange contracted amounts assigned to associated liabilities are reflected on those presented in the balance sheet, and therefore, fair values of forward exchange contracts are included in the fair value of the payables.

Long-term debt (including current portion):
The fair values of bonds issued by the Company are based on the market price. The fair values of other long-term debt (including current portion) are estimated by discounted cash flow analysis, using rates currently available for similar types of borrowings with similar terms and remaining maturities. As to long-term debt with variable interest rates, interest rate swaps that qualify for hedge accounting and meet specific matching criteria are not remeasured at market value and the fair value of such interest rate swaps is included in that of long-term debt. Hence, fair value of such debts is measured at the amount discounted by the rates available for similar types of borrowings with similar terms.

Derivative instruments:
The fair values of derivative instruments are estimated using the valuation methodology set forth in Note 14.

Planned redemption amounts for monetary assets and short-term investment and investment securities with maturity dates at March 31, 2012 and 2011 are as follows:

	Millions of yen			
March 31, 2012	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash and cash equivalents	¥427,274	¥ —	¥ —	¥ —
Time deposits	16,033	—	—	—
Trade notes and trade accounts (*1, 2)	485,471	2,088	—	—
Short-term loans receivable (excluding current portion of long-term loans receivable) (*1, 2)	1,025	—	—	—
Short-term investments and investment securities Available-for-sale securities with maturity dates	600	465	—	0
Long-term loans receivable (including current portion) (*1, 2)	4,138	7,157	14,957	10
Doubtful receivables (*1, 2)	6,254	1,609	1,808	3,221
Total	¥940,795	¥11,319	¥16,765	¥3,231

	Thousands of U.S. dollars			
March 31, 2012	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash and cash equivalents	$ 5,210,659	$ —	$ —	$ —
Time deposits	195,524	—	—	—
Trade notes and trade accounts (*1, 2)	5,920,378	25,463	—	—
Short-term loans receivable (excluding current portion of long-term loans receivable) (*1, 2)	12,500	—	—	—
Short-term investments and investment securities Available-for-sale securities with maturity dates	7,317	5,671	—	0
Long-term loans receivable (including current portion) (*1, 2)	50,464	87,281	182,402	122
Doubtful receivables (*1, 2)	76,268	19,622	22,049	39,280
Total	$11,473,110	$138,037	$204,451	$39,402

*1. The presented amounts include receivables due from unconsolidated subsidiaries and affiliates.
*2. The amounts of trade notes and trade accounts receivable, short-term loans receivable, long-term loans receivable (including current portion) and doubtful receivables for which collection dates cannot be estimated are ¥3,150 million (U.S.$38,415 thousand), ¥505 million (U.S.$6,159 thousand), ¥291 million (U.S.$3,549 thousand), and ¥55,272 million (U.S.$674,029 thousand), respectively, and are not included above.

	Millions of yen			
March 31, 2011	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash and cash equivalents	¥415,261	¥ —	¥ —	¥ —
Time deposits	4,728	—	—	—
Trade notes and trade accounts (*1, 2)	472,050	2,238	—	—
Short-term loans receivable (excluding current portion of long-term loans receivable) (*1)	1,795	—	—	—
Short-term investments and investment securities Available-for-sale securities with maturity dates	552	523	466	0
Long-term loans receivable (including current portion) (*1, 2)	5,670	4,928	5,153	2,513
Doubtful receivables (*1, 2)	3,381	892	385	259
Total	¥903,437	¥8,581	¥6,004	¥2,772

*1. The presented amounts include receivables due from unconsolidated subsidiaries and affiliates.
*2. The amounts of trade notes and trade accounts receivable, long-term loans receivable (including current portion) and doubtful receivables for which collection dates cannot be estimated are ¥4,593 million, ¥1,830 million, and ¥75,055 million, respectively, and are not included above.

Planned repayment amounts after the balance sheet date for long-term debt are explained in Note 6.

14 DERIVATIVE TRANSACTIONS

In order to avoid adverse effects of fluctuations of the market risk associated with financial activities and commodity trading activities, the Company and its consolidated subsidiaries enter into foreign exchange contracts, currency options, swaps and various types of interest rates, bonds, equity and commodity-related forwards, futures and options. The Company and its consolidated subsidiaries utilize these derivative transactions to reduce the risk inherent in their assets and liabilities and hedge effectively so that these transactions are not likely to have a major impact on the performance of the Company and its consolidated subsidiaries.

In accordance with the Company's internal regulations on derivative transactions, the Finance Division of the Company is responsible for managing market and credit risks of these transactions, and this division manages position limits, credit limits and status of derivative transactions.

For the purpose of minimizing credit risk exposure, the Company and its consolidated subsidiaries select financial institutions as counterparties, which are considered reliable by internationally acknowledged rating agencies. The Company and each consolidated subsidiary's accounting sections also confirm the outstanding positions and fair values with counterparties. The results of these procedures are reported to the Company's audit section. The Company and its consolidated subsidiaries evaluate hedge effectiveness quarterly by comparing the cumulative changes in cash flows or the changes in fair value of hedged items and the corresponding changes in the derivative instruments.

The following summarizes hedging derivative financial instruments used and items hedged:

Hedging instruments:

Currency-related contracts: Foreign exchange contracts, non-deliverable forward exchange contracts, currency swap contracts and currency exchange contracts, currency swap contracts and currency option contracts

Interest rate-related contracts: Interest rate swap contracts and option (cap) contracts

Commodity-related contracts: Future contracts, forward contracts and option contracts

Hedged items:

Currency-related contracts: Foreign currency receivables and debts and securities and foreign currency forecasted contracts

Interest rate-related contracts: Interest on financial assets and liabilities

Commodity-related contracts: Commodity trading contracts and commodity forecasted contracts

The following methods and assumptions were used to estimate the fair value of each derivative transaction:

Forward exchange contracts: The estimated fair value amounts of forward exchange contracts were determined using the forward exchange rate at the end of fiscal year.

Non-deliverable forward exchange contracts, currency option contracts, currency swap contracts, interest rate swap agreements and interest rate cap contracts: The estimated fair value amounts were determined using quotes obtained from financial institutions.

Commodity futures trading: The estimated fair value amounts of future contracts were determined using market information on the Tokyo Commodity Exchange or Tokyo Grain Exchange or other exchanges.

Commodity forwards trading: The estimated fair value amounts of forward contracts were determined using the value calculated by quotations available to the public or from major transaction partners.

Commodity option contracts: The estimated fair value amounts of forward contracts were determined using the value calculated by major transaction partners.

The following summarizes market value information as of March 31, 2012 on derivative transactions for which hedge accounting has not been applied.

Currency related

	Millions of yen			Thousands of U.S. dollars		
March 31, 2012	Contract value	Fair value	Unrealized gains (losses)	Contract value	Fair value	Unrealized gains (losses)
Forward exchange contracts:						
Selling:						
U.S. dollars	¥ 53,444	¥(1,583)	¥(1,583)	$ 651,756	$(19,304)	$(19,304)
Russian ruble	232	(21)	(21)	2,829	(256)	(256)
U.S. dollars (Buying U.K. pounds)	12,264	(218)	(218)	149,561	(2,659)	(2,659)
Australian dollars	29,418	(1,223)	(1,223)	358,756	(14,914)	(14,914)
Canadian dollars	7,668	(727)	(727)	93,512	(8,866)	(8,866)
Euros	4,667	(226)	(226)	56,915	(2,756)	(2,756)
U.K. pounds	42	(3)	(3)	512	(37)	(37)
Euro (Buying U.K. pounds)	3,106	(13)	(13)	37,878	(159)	(159)
Other	5,024	35	35	61,269	427	427
Total	¥115,865	¥(3,979)	¥(3,979)	$1,412,988	$(48,524)	$(48,524)
Buying:						
U.S. dollars	¥ 25,643	¥ 178	¥ 178	$ 312,720	$ 2,171	$ 2,171
U.S. dollars (Selling Russian rubles)	7,780	(191)	(191)	94,878	(2,329)	(2,329)
U.S. dollars (Selling Thai bahts)	6,395	91	91	77,988	1,110	1,110
U.K. pounds	2,699	(24)	(24)	32,915	(293)	(293)
Euros	3,841	1	1	46,841	12	12
Canadian dollars	145	1	1	1,768	12	12
Other	4,506	19	19	54,951	232	232
Total	¥ 51,009	¥ 75	¥ 75	$ 622,061	$ 915	$ 915
Non-deliverable forward exchange contracts:						
Selling:						
Chinese yuan	¥ 123	¥ (8)	¥ (8)	$ 1,500	$ (98)	$ (98)
Other	83	0	0	1,012	0	0
Total	¥ 206	¥ (8)	¥ (8)	$ 2,512	$ (98)	$ (98)

Commodity related

March 31, 2012	Millions of yen Contract value	Millions of yen Fair value	Millions of yen Unrealized gains (losses)	Thousands of U.S. dollars Contract value	Thousands of U.S. dollars Fair value	Thousands of U.S. dollars Unrealized gains (losses)
Futures trading:						
Metals:						
Selling	¥16,931	¥ 578	¥ 578	$206,476	$ 7,049	$ 7,049
Buying	3,220	(84)	(84)	39,268	(1,024)	(1,024)
Oils:						
Selling	¥ 5,688	¥(499)	¥(499)	$ 69,365	$(6,086)	$(6,086)
Buying	3,608	353	353	44,000	4,305	4,305
Foods:						
Selling	¥ 136	¥ 0	¥ 0	$ 1,659	$ 0	$ 0
Buying	1,498	84	84	18,269	1,024	1,024
Total:						
Selling	¥22,755	¥ 79	¥ 79	$277,500	$ 963	$ 963
Buying	8,326	353	353	101,537	4,305	4,305
Forwards trading:						
Metals:						
Selling	¥ 3,879	¥ (41)	¥ (41)	$ 47,305	$ (500)	$ (500)
Buying	35,713	(556)	(556)	435,524	(6,781)	(6,781)
Oils:						
Selling	¥ 1,608	¥ 58	¥ 58	$ 19,610	$ 707	$ 707
Buying	2,202	(57)	(57)	26,854	(695)	(695)
Total:						
Selling	¥ 5,487	¥ 17	¥ 17	$ 66,915	$ 207	$ 207
Buying	37,915	(613)	(613)	462,378	(7,476)	(7,476)
Commodity options contracts:						
Oils:						
Buying						
Put (Contract)	¥ 204	¥ —	¥ —	$ 2,488	$ —	$ —
(Option)	2	(2)	(2)	24	(24)	(24)
Total:						
Buying	¥ 204	¥ (2)	¥ (2)	$ 2,488	$ (24)	$ (24)

The following summarizes market value information as of March 31, 2012 of derivative transactions for which hedge accounting has been applied.

Currency related

The way of hedge accounting; allocation method, which is explained below

March 31, 2012	Millions of yen Contract value	Millions of yen Fair value*	Thousands of U.S. dollars Contract value	Thousands of U.S. dollars Fair value*
Forward exchange contracts:				
Selling:				
U.S. dollars	¥1,836	¥ —	$22,390	$ —
Other	512	—	6,244	—
Total	¥2,348	¥ —	$28,634	$ —
Buying:				
U.S. dollars	¥1,870	¥ —	$22,805	$ —
Other	355	—	4,329	—
Total	¥2,225	¥ —	$27,134	$ —

* Short-term and long-term receivables and payables covered by forward exchange contracts are translated at the contract rates. Any differences between the foreign exchange contract rates and historical rates resulting from the translation of receivables and payables are recognized as income or expense over the lives of the related contracts. The estimation method for the fair value of "Trade notes and trade accounts receivable and long-term loans receivable" and "Payables" is explained in Note 13.

The way of hedge accounting; deferral hedge accounting

	Millions of yen		Thousands of U.S. dollars	
March 31, 2012	Contract value	Fair value	Contract value	Fair value
Forward exchange contracts:				
Selling:				
U.S. dollars (Buying Australian dollars)	¥ 5,234	¥ 427	$ 63,829	$ 5,207
Australian dollars	6,725	12	82,012	147
U.S. dollars	33,335	(869)	406,525	(10,598)
Other	9,655	(234)	117,744	(2,854)
Total	¥54,949	¥(664)	$670,110	$ (8,098)
Buying:				
U.S. dollars	¥13,433	¥ 232	$163,817	$ 2,829
U.S. dollars (Selling Russian rubles)	17,305	(780)	211,036	(9,512)
Euros	4,156	147	50,683	1,793
Other	1,110	20	13,537	244
Total	¥36,004	¥(381)	$439,073	$ (4,646)

Interest rate related

The way of hedge accounting; deferral hedge accounting

	Millions of yen		Thousands of U.S. dollars	
March 31, 2012	Contract value	Fair value	Contract value	Fair value
Interest rate swap agreements:				
Receipt—Variable rate/Payment—Fixed rate	¥ 3,386	¥(294)	$ 41,293	$(3,585)
Total	¥ 3,386	¥(294)	$ 41,293	$(3,585)

The way of hedge accounting; special method, which is explained in Note 13

	Millions of yen		Thousands of U.S. dollars	
March 31, 2012	Contract value	Fair value*	Contract value	Fair value*
Interest rate swap agreements:				
Receipt—Variable rate/Payment—Fixed rate	¥170,311	¥ —	$2,076,963	$ —
Total	¥170,311	¥ —	$2,076,963	$ —

* As for the fair value of the interest rate swap agreements, to which the special method is applied, please refer to the methodology used for the fair value of long-term debt, including current portion in Note 13.

Commodity related

The way of hedge accounting; deferral hedge accounting

	Millions of yen		Thousands of U.S. dollars	
March 31, 2012	Contract value	Fair value	Contract value	Fair value
Futures trading:				
Metals:				
Selling	¥4,099	¥ 156	$49,988	$ 1,903
Buying	4,135	(98)	50,427	(1,195)
Foods:				
Selling	¥2,429	¥ (59)	$29,622	$ (720)
Buying	1,313	30	16,012	366
Total:				
Selling	¥6,528	¥ 97	$79,610	$ 1,183
Buying	5,448	(68)	66,439	(829)
Forwards trading:				
Metals:				
Buying	¥ 774	¥ (9)	$ 9,439	$ (110)
Oils:				
Selling	¥5,680	¥(242)	$69,268	$(2,951)
Total:				
Selling	¥5,680	¥(242)	$69,268	$(2,951)
Buying	774	(9)	9,439	(110)
Commodity option contract				
Oils:				
Buying				
Put (Contract)	¥ 129	¥ 0	$ 1,573	$ 0
(Option)	2	(1)	24	(12)
Total:				
Buying	¥ 129	¥ (1)	$ 1,573	$ (12)

The following summarizes market value information as of March 31, 2011 on derivative transactions for which hedge accounting has not been applied.

Currency related

	Millions of yen		
March 31, 2011	Contract value	Fair value	Unrealized gains (losses)
Forward exchange contracts:			
Selling:			
U.S. dollars	¥ 73,620	¥(103)	¥(103)
Russian rubles	5,129	80	80
U.S. dollars (Buying U.K. pounds)	10,392	(53)	(53)
Australian dollars	3,821	(228)	(228)
Canadian dollars	5,616	(165)	(165)
Euros	4,299	(244)	(244)
U.K. pounds	1,208	(16)	(16)
Euro (Buying U.K. pounds)	4,795	42	42
Other	6,854	29	29
Total	¥115,734	¥(658)	¥(658)
Buying:			
U.S. dollars	¥ 22,239	¥ (24)	¥ (24)
U.S. dollars (Selling Russian rubles)	7,792	(40)	(40)
U.K. pounds	4,741	171	171
Euros	953	14	14
Canadian dollars	134	7	7
Other	6,129	(61)	(61)
Total	¥ 41,988	¥ 67	¥ 67
Non-deliverable forward exchange contracts:			
Selling:			
Brazilian reals	¥ 791	¥ (70)	¥ (70)
Other	9	0	0
Total	¥ 800	¥ (70)	¥ (70)

Commodity related

March 31, 2011	Contract value (Millions of yen)	Fair value (Millions of yen)	Unrealized gains (losses) (Millions of yen)
Futures trading:			
Metals:			
Selling	¥ 9,234	¥(248)	¥(248)
Buying	2,687	13	13
Oils:			
Selling	¥ 2,772	¥(183)	¥(183)
Buying	1,582	87	87
Foods:			
Selling	¥ 1,978	¥ (11)	¥ (11)
Buying	527	8	8
Total:			
Selling	¥13,984	¥(442)	¥(442)
Buying	4,796	108	108
Forwards trading:			
Metals:			
Selling	¥11,210	¥(283)	¥(283)
Buying	25,786	678	678
Oils:			
Selling	¥ 2,853	¥(140)	¥(140)
Buying	3,593	179	179
Total:			
Selling	¥14,063	¥(423)	¥(423)
Buying	29,379	857	857
Commodity options contracts:			
Metals:			
Buying			
Put (Contract)	¥ 110	¥ —	¥ —
(Option)	9	(9)	(9)
Oils:			
Buying			
Put (Contract)	¥ 306	¥ —	¥ —
(Option)	4	(3)	(3)
Total:			
Buying	¥ 416	¥ (12)	¥ (12)

The following summarizes market value information as of March 31, 2011 of derivative transactions for which hedge accounting has been applied.

Currency related

The way of hedge accounting; allocation method, which is explained below

March 31, 2011	Contract value (Millions of yen)	Fair value* (Millions of yen)
Forward exchange contracts:		
Selling:		
Australian dollars	¥ 9,331	¥ —
U.S. dollars	6,405	—
Other	823	—
Total	¥16,559	¥ —
Buying:		
U.S. dollars	¥ 4,684	¥ —
Other	440	—
Total	¥ 5,124	¥ —

* Short-term and long-term receivables and payables covered by forward exchange contracts are translated at the contract rates. Any differences between the foreign exchange forward contract rates and the historical rates resulting from the translation of receivables and payables are recognized as income or expense over the lives of the related contracts. The estimation method for the fair value of “Trade notes and trade accounts receivable and long-term loans receivable” and “Payables” is explained in Note 13.

The way of hedge accounting; deferral hedge accounting

	Millions of yen	
March 31, 2011	Contract value	Fair value
Forward exchange contracts:		
Selling:		
U.S. dollars (Buying Australian dollars)	¥ 9,569	¥1,357
U.S. dollars	4,099	171
Other	601	(23)
Total	¥14,269	¥1,505
Buying:		
U.S. dollars	¥15,995	¥ 61
Yen (Selling U.S. dollars)	6,828	488
Euro	5,276	205
Other	1,613	(42)
Total	¥29,712	¥ 712

Interest rate related

The way of hedge accounting; deferral hedge accounting

	Millions of yen	
March 31, 2011	Contract value	Fair value
Interest rate swap agreements:		
Receipt—Variable rate/Payment—Fixed rate	¥2,150	¥(155)
Total	¥2,150	¥(155)

The way of hedge accounting; the special method, which is explained in Note 13

	Millions of yen	
March 31, 2011	Contract value	Fair value*
Interest rate swap agreements:		
Receipt—Variable rate/Payment—Fixed rate	¥251,663	¥ —
Total	¥251,663	¥ —

* As for the fair value of the interest rate swap agreements, to which the special method is applied, please refer to the methodology used for the fair value of long-term debt, including current portion in Note 13.

Commodity related

The way of hedge accounting; deferral hedge accounting

	Millions of yen	
March 31, 2011	Contract value	Fair value
Futures trading:		
Metals:		
Selling	¥2,695	¥ 4
Buying	4,851	(255)
Foods:		
Selling	¥4,106	¥ 220
Buying	977	(2)
Total:		
Selling	¥6,801	¥ 224
Buying	5,828	(257)
Forwards trading:		
Oils:		
Selling	¥3,153	¥ 587
Total:		
Selling	¥3,153	¥ 587
Commodity option contracts		
Oils:		
Selling		
Call (Contract)	¥1,393	¥ —
(Option)	(97)	(97)
Buying		
Put (Contract)	¥1,432	¥ —
(Option)	(99)	39
Total:		
Selling	¥1,393	¥ (97)
Buying	1,432	39

15 CONTINGENT LIABILITIES

Contingent liabilities at March 31, 2012 and 2011 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
For notes discounted and endorsed	¥21,586	¥21,247	$263,244
For guarantees of indebtedness to:			
Unconsolidated subsidiaries and affiliates	22,201	23,309	270,744
Others	15,719	17,030	191,695
Total	¥37,920	¥40,339	$462,439

16 TRADE NOTES

In the case the balance sheet date is a bank holiday, trade notes maturing on the balance sheet date are settled on the following business day, and accounted for accordingly. The effects of the settlements on April 2, 2012 instead of March 31, 2012 included the following:

	Millions of yen	Thousands of U.S. dollars
	2012	2012
Notes receivable increased by	¥9,704	$118,341
Notes payable increased by	7,702	93,927

17 LEASES

Regarding finance lease transactions without transfer of ownership, the Company and domestic consolidated subsidiaries apply the accounting treatment similar to that used for sales transactions, except for the transactions that commenced prior to April 1, 2008.

Information about finance lease transactions that are not capitalized and accounted for in the same manner as operating lease transactions at March 31, 2012 and 2011 is as follows.

Non-capitalized finance leases, as lessee:

	Millions of yen			
March 31, 2012	Assumed purchase cost	Accumulated depreciation	Accumulated impairment loss	Book value
Equipment and fixtures	¥ 523	¥ 392	¥41	¥ 90
Other	1,189	997	52	140
Total	¥1,712	¥1,389	¥93	¥230

	Thousands of U.S. dollars			
March 31, 2012	Assumed purchase cost	Accumulated depreciation	Accumulated impairment loss	Book value
Equipment and fixtures	$ 6,378	$ 4,780	$ 500	$1,098
Other	14,500	12,159	634	1,707
Total	$20,878	$16,939	$1,134	$2,805

	Millions of yen			
March 31, 2011	Assumed purchase cost	Accumulated depreciation	Accumulated impairment loss	Book value
Equipment and fixtures	¥1,045	¥ 825	¥40	¥180
Other	1,872	1,433	52	387
Total	¥2,917	¥2,258	¥92	¥567

As lessee under non-capitalized finance leases, the amount of future minimum lease payments is ¥236 million (U.S.$2,878 thousand) at March 31, 2012, of which ¥120 million (U.S.$1,463 thousand) is due within one year. And the amount of annual lease payments is ¥279 million (U.S.$3,402 thousand) for the year ended March 31, 2012.

Finance leases, as lessor:
The Company had no finance lease transactions as lessor at March 31, 2012 and 2011.

As lessor under sub-leases on finance lease transactions, the amount of future minimum lease payments received is ¥2 million (U.S.$24 thousand) at March 31, 2012, of which ¥2 million (U.S.$24 thousand) is due within one year.

The Company had no annual lease payments received for the year ended March 31, 2012.

Operating leases, as lessee:
As lessee under noncancelable operating leases, the amount of future minimum lease payments is ¥16,691 million (U.S.$203,549 thousand) at March 31, 2012, of which ¥6,406 million (U.S.$78,122 thousand) is due within one year.

Operating leases, as lessor:
As lessor under operating leases, the amount of future minimum lease payments to be received is ¥12,931 million (U.S.$157,695 thousand) at March 31, 2012, of which ¥2,144 million (U.S.$26,146 thousand) is due within one year.

18 MINIMUM PENSION LIABILITY ADJUSTMENT

In the event the balance of pension assets is less than the pension liabilities for companies adopting generally accepted accounting principles in the United States ("U.S. GAAP") included in the scope of consolidation, an adjustment was made to net assets in accordance with U.S. GAAP Accounting Standards Codification 715 issued by the Financial Accounting Standards Board.

19 INVESTMENT AND RENTAL PROPERTIES

The Company and certain consolidated subsidiaries own rental office buildings, rental commercial facilities and others.
Information about book value and fair value of investment and rental properties as of March 31, 2012 and 2011 is as follows;

	Millions of yen				Thousands of U.S. dollars			
March 31, 2012	Book value at March 31, 2011	Changes during the year	Book value at March 31, 2012	Fair value at March 31, 2012	Book value at March 31, 2011	Changes during the year	Book value at March 31, 2012	Fair value at March 31, 2012
Office building	¥35,435	¥(2,271)	¥33,164	¥31,100	$432,134	$(27,696)	$404,438	$379,268
Commercial facility	14,235	(544)	13,691	11,565	173,598	(6,634)	166,964	141,037
Others	6,775	(663)	6,112	6,218	82,622	(8,085)	74,537	75,829
Total	¥56,445	¥(3,478)	¥52,967	¥48,883	$688,354	$(42,415)	$645,939	$596,134

	Millions of yen			
March 31, 2011	Book value at March 31, 2010	Changes during the year	Book value at March 31, 2011	Fair value at March 31, 2011
Office building	¥42,152	¥ (6,717)	¥35,435	¥34,074
Commercial facility	17,532	(3,297)	14,235	12,031
Condominium	12,862	(12,862)	—	—
Others	7,262	(487)	6,775	6,785
Total	¥79,808	¥(23,363)	¥56,445	¥52,890

Fair values at March 31, 2012 and 2011 are measured by the Company based on the appraisal report prepared by external real estate appraisers as well as on the "Real Estate Appraisal Standards." However, if no material change has, from the time of acquisition, occurred in certain values (current market prices or appraised values) or indices, the fair values are determined by adjusting such appraised values and indices.

Profit and loss on investment and rental properties in the years ended March 31, 2012 and 2011 is as follows;

	Millions of yen				Thousands of U.S. dollars			
Year ended March 31, 2012	Rent income	Rent expenses	Net	Other gains or losses	Rent income	Rent expenses	Net	Other gains or losses
Office building	¥2,182	¥(1,522)	¥ 660	¥(668)	$26,609	$(18,560)	$ 8,049	$(8,146)
Commercial facility	1,469	(839)	630	107	17,915	(10,232)	7,683	1,305
Others	430	(321)	109	(14)	5,244	(3,915)	1,329	(171)
Total	¥4,081	¥(2,682)	¥1,399	¥(575)	$49,768	$(32,707)	$17,061	$(7,012)

	Millions of yen			
Year ended March 31, 2011	Rent income	Rent expenses	Net	Other gains or losses
Office building	¥2,412	¥(1,741)	¥ 671	¥ 104
Commercial facility	1,406	(989)	417	(1,178)
Condominium	656	(457)	199	(509)
Others	453	(265)	188	(169)
Total	¥4,927	¥(3,452)	¥1,475	¥(1,752)

Rent income is accounted for as net sales or other income.
Rent expenses represent expenses corresponding to rent income (e.g. depreciation, repair and maintenance fees, insurance, taxes, and others) and accounted for as cost of sales, selling, general and administrative expenses, or other expenses.
Other gains and losses include penalty income, gain (loss) on sale and disposal of property and equipment, loss on sale of investment properties, and impairment loss.

20 SEGMENT INFORMATION

For the years ended March 31, 2012 and 2011

1. Description of reportable segments

Reportable segments are defined as components of an enterprise for which separate financial information is available that is evaluated regularly by the Board of Directors meeting in deciding how to allocate resources and in assessing performance.

We are an integrated trading company engaged in a wide range of business activities on a global basis. Headquarters includes business sections that handle merchandising, trading, product manufacturing, services, project planning and management, investment and finance.

Consequently, the Company's reportable segments consist of the following four business groups based on those business sections; Machinery, Energy & Metal, Chemicals & Functional Materials, and Consumer Lifestyle Business.

2. Methods of measurement for the amounts of sales, profit (loss), assets, liabilities and other items for each reportable segment

The accounting policies of each reportable segment are basically consistent with those stated in Note 2. "SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES."

Transfers between segments are determined at market price or at arm's length price.

3. Information about sales, profit (loss), assets, liabilities and other items is as follows.

	Millions of yen								
	2012								
	Reportable segments								
Year ended March 31, 2012	Machinery	Energy & Metal	Chemicals & Functional Materials	Consumer Lifestyle Business	Total	Other	Total	Reconciliations	Consolidated
Sales:									
Sales to external customers	¥1,030,555	¥1,050,725	¥687,891	¥1,679,783	¥4,448,954	¥ 45,283	¥4,494,237	¥ —	¥4,494,237
Intersegment sales or transfers	2,486	1,384	5,347	3,975	13,192	4,122	17,314	(17,314)	—
Total	¥1,033,041	¥1,052,109	¥693,238	¥1,683,758	¥4,462,146	¥ 49,405	¥4,511,551	¥ (17,314)	¥4,494,237
Segment profit (loss)	8,086	27,275	5,753	1,720	42,834	(636)	42,198	(45,848)	(3,650)
Segment assets	392,172	541,152	272,269	409,866	1,615,459	240,448	1,855,907	264,690	2,120,597
Other:									
Depreciation	6,757	15,878	2,753	2,439	27,827	5,289	33,116	174	33,290
Amortization of goodwill	1,344	822	1,448	1,370	4,984	15	4,999	—	4,999
Interest income	945	2,565	317	678	4,505	1,724	6,229	(235)	5,994
Interest expense	6,108	9,916	3,643	5,762	25,429	(977)	24,452	(235)	24,217
Equity in earnings of unconsolidated subsidiaries and affiliates	2,778	7,765	854	1,556	12,953	(391)	12,562	4	12,566
Extraordinary gains (losses)	3,612	4,445	(221)	(5,316)	2,520	(1,198)	1,322	(2,096)	(774)
Gain (loss) on sale and disposal of property and equipment	1,608	363	(211)	(168)	1,592	801	2,393	—	2,393
Gain on sale of investment securities	2,932	5,708	133	443	9,216	252	9,468	—	9,468
Impairment loss	259	1,176	10	3,287	4,732	1,369	6,101	—	6,101
Loss on devaluation of investment securities	361	132	9	18	520	24	544	2,096	2,640
Loss and provision for loss on dissolution of subsidiaries and affiliates	1,517	56	116	120	1,809	839	2,648	—	2,648
Income taxes	6,422	9,988	3,589	(464)	19,535	(1,403)	18,132	44,172	62,304
Investment in unconsolidated subsidiaries and affiliates accounted for by the equity method	21,161	163,455	10,593	17,672	212,881	5,213	218,094	(434)	217,660
Increase in property, equipment and intangible assets	¥ 15,721	¥ 22,168	¥ 750	¥ 2,456	¥ 41,095	¥ 3,349	¥ 44,444	¥ —	¥ 44,444

	Thousands of U.S. dollars								
	2012								
	Reportable segments								
Year ended March 31, 2012	Machinery	Energy & Metal	Chemicals & Functional Materials	Consumer Lifestyle Business	Total	Other	Total	Reconciliations	Consolidated
Sales:									
Sales to external customers	$12,567,744	$12,813,720	$8,388,915	$20,485,158	$54,255,537	$ 552,232	$54,807,769	$ –	$54,807,769
Intersegment sales or transfers	30,317	16,878	65,207	48,476	160,878	50,268	211,146	(211,146)	–
Total	$12,598,061	$12,830,598	$8,454,122	$20,533,634	$54,416,415	$ 602,500	$55,018,915	$ (211,146)	$54,807,769
Segment profit (loss)	98,610	332,622	70,159	20,975	522,366	(7,756)	514,610	(559,122)	(44,512)
Segment assets	4,782,585	6,599,415	3,320,354	4,998,365	19,700,719	2,932,292	22,633,011	3,227,927	25,860,938
Other:									
Depreciation	82,402	193,634	33,573	29,745	339,354	64,500	403,854	2,122	405,976
Amortization of goodwill	16,390	10,024	17,659	16,707	60,780	183	60,963	–	60,963
Interest income	11,524	31,280	3,866	8,269	54,939	21,025	75,964	(2,866)	73,098
Interest expense	74,488	120,927	44,427	70,268	310,110	(11,914)	298,196	(2,866)	295,330
Equity in earnings of unconsolidated subsidiaries and affiliates	33,878	94,695	10,415	18,975	157,963	(4,768)	153,195	49	153,244
Extraordinary gains (losses)	44,049	54,207	(2,695)	(64,829)	30,732	(14,610)	16,122	(25,561)	(9,439)
Gain (loss) on sale and disposal of property and equipment	19,610	4,427	(2,573)	(2,049)	19,415	9,768	29,183	–	29,183
Gain on sale of investment securities	35,756	69,610	1,622	5,402	112,390	3,073	115,463	–	115,463
Impairment loss	3,159	14,341	122	40,085	57,707	16,695	74,402	–	74,402
Loss on devaluation of investment securities	4,402	1,610	110	219	6,341	293	6,634	25,561	32,195
Loss and provision for loss on dissolution of subsidiaries and affiliates	18,500	683	1,415	1,463	22,061	10,232	32,293	–	32,293
Income taxes	78,317	121,805	43,768	(5,658)	238,232	(17,110)	221,122	538,683	759,805
Investment in unconsolidated subsidiaries and affiliates accounted for by the equity method	258,061	1,993,354	129,183	215,512	2,596,110	63,573	2,659,683	(5,293)	2,654,390
Increase in property, equipment and intangible assets	$ 191,720	$ 270,341	$ 9,146	$ 29,952	$ 501,159	$ 40,841	$ 542,000	$ –	$ 542,000

Notes 1. "Other" segment includes the following eight business groups; Functional service, Domestic regional corporation, Logistics & Insurance service, Venture capital, Aircraft leasing business, Investment business (e.g. real estate investments, etc.), Real estate rental business, Commercial facility development business.

2. Reconciliations of segment loss of ¥45,848 million (U.S.$559,122 thousand) include the difference between actual income tax expenses and those allocated to respective reportable segments based upon the Company's policy, which amounted to -¥44,172 million (-U.S.$538,683 thousand), and unallocated loss on devaluation of investment securities -¥2,096 million (-U.S.$25,561 thousand) and unallocated dividend income, etc. ¥420 million (U.S.$5,122 thousand).

Reconciliations of segment assets of ¥264,690 million (U.S.$3,227,927 thousand) consist of elimination of intersegment balances -¥47,542 million (-U.S.$579,780 thousand) and unallocated amounts of ¥312,232 million (U.S.$3,807,707 thousand) comprising the headquarters' surplus funds and investment securities.

Reconciliations of other items, such as depreciation expenses, interest income, interest expenses, and equity in earnings of unconsolidated subsidiaries and affiliates mainly represent eliminations of intersegment transactions.

3. Segment profit (loss) is reconciled to net income in the consolidated statements of operations.

(Changes in segmentation method)

A part of the commercial facility development business, which was originally grouped into "Consumer Lifestyle Business", has been categorized into "Other" due to business restructuring to reinforce the investment management system and function. This change has been applied to the segment information for the financial year ended March 31, 2011.

(Changes in financial year-end of the consolidated subsidiaries)

From the year ended March 31, 2012, reporting dates of the main subsidiaries, which had adopted different reporting dates from the Company, have been conformed to that of the Company for the sake of timely performance management and prompt implementation of management policies and divisional strategies within the consolidated group.

Accordingly, the reporting dates of the 47 consolidated subsidiaries have been changed to March 31, and the 36 subsidiaries, which have a different reporting date, have been consolidated using provisional financial statements at the consolidated reporting date.

As a result, in comparison to the financial statements prepared for the original period, there has been a sales increase of ¥49,917 million (U.S.$608,743 thousand) in Machinery, ¥22,857 million (U.S.$278,744 thousand) in Energy & Metal, ¥50,199 million (U.S.$612,183 thousand) in Chemicals & Functional Materials, ¥48,160 million (U.S.$587,317 thousand) in Consumer Lifestyle Business and ¥851 million (U.S.$10,378 thousand) in Other, in addition to a segment profit increase of ¥1,320 million (U.S.$16,098 thousand) in Machinery, ¥4,109 million (U.S.$50,110 thousand) in Energy & Metal, ¥600 million (U.S.$7,317 thousand) in Chemicals & Functional Materials, ¥247 million (U.S.$3,012 thousand) in Consumer Lifestyle Business and ¥209 million (U.S.$2,549 thousand) in Other, and a decrease of ¥276 million (U.S.$3,366 thousand) in the reconciliation.

The following is segment information for the year ended March 31, 2011, that has been reclassified to conform to the presentation based on the current segmentation.

	Millions of yen								
	2011								
	Reportable segments								
Year ended March 31, 2011	Machinery	Energy & Metal	Chemicals & Functional Materials	Consumer Lifestyle Business	Total	Other	Total	Reconciliations	Consolidated
Sales:									
Sales to external customers	¥965,412	¥1,013,982	¥612,511	¥1,374,113	¥3,966,018	¥ 48,622	¥4,014,640	¥ —	¥4,014,640
Intersegment sales or transfers	3,331	1,493	3,980	5,115	13,919	3,866	17,785	(17,785)	—
Total	¥968,743	¥1,015,475	¥616,491	¥1,379,228	¥3,979,937	¥ 52,488	¥4,032,425	¥ (17,785)	¥4,014,640
Segment profit (loss)	3,392	26,462	2,712	2,354	34,920	(6,728)	28,192	(12,210)	15,982
Segment assets	378,028	543,668	259,529	389,326	1,570,551	295,662	1,866,213	250,748	2,116,961
Other:									
Depreciation	4,123	9,502	2,649	2,666	18,940	4,982	23,922	174	24,096
Amortization of goodwill	906	827	1,448	1,358	4,539	9	4,548	—	4,548
Interest income	1,244	1,587	201	512	3,544	1,226	4,770	(461)	4,309
Interest expense	5,806	9,081	3,303	5,601	23,791	606	24,397	(461)	23,936
Equity in earnings of unconsolidated subsidiaries and affiliates	2,741	15,207	1,128	1,171	20,247	(949)	19,298	(1)	19,297
Extraordinary gains (losses)	2,511	3,627	(482)	(3,282)	2,374	(8,380)	(6,006)	2	(6,004)
Gain (loss) on sale and disposal of property and equipment	1,968	2,172	(45)	(122)	3,973	414	4,387	—	4,387
Gain on subsequent acquisitions	1,065	9,242	—	—	10,307	—	10,307	—	10,307
Impairment loss	41	6,469	83	604	7,197	2,490	9,687	—	9,687
Loss and provision for loss on dissolution of subsidiaries and affiliates	1,038	506	308	2,438	4,290	566	4,856	—	4,856
Restructuring losses	—	—	—	—	—	5,097	5,097	—	5,097
Income taxes	849	5,832	3,266	(1,242)	8,705	(770)	7,935	12,568	20,503
Investment in unconsolidated subsidiaries and affiliates accounted for by the equity method	24,584	171,628	11,239	16,279	223,730	6,301	230,031	(436)	229,595
Increase in property, equipment and intangible assets	¥ 8,283	¥ 33,743	¥ 658	¥ 2,380	¥ 45,064	¥ 3,385	¥ 48,449	¥ —	¥ 48,449

Notes 1. “Other” segment includes the following eight business groups; Functional service, Domestic regional corporation, Logistics & Insurance service, Venture capital, Aircraft leasing business, Investment business (e.g. real estate investments, etc.), Real estate rental business, Commercial facility development business.

2. Reconciliations of segment loss of ¥12,210 million include the difference between actual income tax expenses and those allocated to respective reportable segments based upon the Company’s policy, which amounted to -¥12,568 million, and unallocated dividend income, etc. ¥429 million.

Reconciliations of segment assets of ¥250,748 million consist of elimination of intersegment balances -¥46,887 million and unallocated amounts of ¥297,635 million comprising the headquarters’ surplus funds and investment securities.

Reconciliations of other items, such as depreciation expenses, interest income, interest expenses, and equity in earnings of unconsolidated subsidiaries and affiliates mainly represent eliminations of intersegment transactions.

3. Segment profit (loss) is reconciled to net income in the consolidated statements of operations.

4. Information about geographical areas

(1) Sales

Millions of yen					
2012					
Japan	Americas	Europe	Asia/Oceania	Other	Total
¥2,979,203	¥229,306	¥210,513	¥928,521	¥146,694	¥4,494,237

Note: Sales are classified in countries or regions based on location of customers.

Thousands of U.S. dollars					
2012					
Japan	Americas	Europe	Asia/Oceania	Other	Total
$36,331,744	$2,796,415	$2,567,232	$11,323,427	$1,788,951	$54,807,769

Millions of yen					
2011					
Japan	Americas	Europe	Asia/Oceania	Other	Total
¥2,717,527	¥176,263	¥137,278	¥834,067	¥149,505	¥4,014,640

Note: Sales are classified in countries or regions based on location of customers.

(2) Property and equipment

Millions of yen					
2012					
Japan	Americas	Europe	Asia/Oceania	Other	Total
¥95,577	¥40,554	¥32,190	¥51,654	¥13,286	¥233,261

Thousands of U.S. dollars					
2012					
Japan	Americas	Europe	Asia/Oceania	Other	Total
$1,165,573	$494,561	$392,561	$629,927	$162,024	$2,844,646

Millions of yen					
2011					
Japan	Americas	Europe	Asia/Oceania	Other	Total
¥98,989	¥27,542	¥32,502	¥49,309	¥7,433	¥215,775

5. Information about major customers

	Millions of yen	
	2012	
Name of customer	Sales	Related segment name
TS Network Co., Ltd.	¥722,273	Consumer Lifestyle Business

	Thousands of U.S. dollars	
	2012	
Name of customer	Sales	Related segment name
TS Network Co., Ltd.	$8,808,207	Consumer Lifestyle Business

	Millions of yen	
	2011	
Name of customer	Sales	Related segment name
TS Network Co., Ltd.	¥518,482	Consumer Lifestyle Business

6. Information of goodwill by reportable segment

	Millions of yen								
	2012								
	Reportable segments								
	Machinery	Energy & Metal	Chemicals & Functional Materials	Consumer Lifestyle Business	Total	Other	Total	Elimination/ Corporate	Consolidated
Goodwill									
Amortization of goodwill	¥ 1,885	¥ 825	¥ 1,448	¥ 1,409	¥ 5,567	¥14	¥ 5,581	¥ —	¥ 5,581
Goodwill at March 31, 2012	13,936	6,465	14,342	11,290	46,033	47	46,080	(1,467)	44,613
Negative goodwill									
Amortization of negative goodwill	541	2	—	39	582	—	582	—	582
Negative goodwill at March 31, 2012	989	4	—	474	1,467	—	1,467	(1,467)	—

Notes 1. "Other" segment includes the following eight business groups; Functional service, Domestic regional corporation, Logistics & Insurance service, Venture capital, Aircraft leasing business, Investment business (e.g. real estate investments, etc.), Real estate rental business, Commercial facility development business.
2. Negative goodwill incurred from business combinations before April 1, 2010 is offset against Goodwill in the consolidated balance sheets.

	Thousands of U.S. dollars								
	2012								
	Reportable segments								
	Machinery	Energy & Metal	Chemicals & Functional Materials	Consumer Lifestyle Business	Total	Other	Total	Elimination/ Corporate	Consolidated
Goodwill									
Amortization of goodwill	$ 22,988	$10,061	$ 17,659	$ 17,182	$ 67,890	$171	$ 68,061	$ —	$ 68,061
Goodwill at March 31, 2012	169,951	78,841	174,902	137,684	561,378	573	561,951	(17,890)	544,061
Negative goodwill									
Amortization of negative goodwill	6,598	24	—	476	7,098	—	7,098	—	7,098
Negative goodwill at March 31, 2012	12,061	49	—	5,780	17,890	—	17,890	(17,890)	—

	Millions of yen								
	2011								
	Reportable segments								
	Machinery	Energy & Metal	Chemicals & Functional Materials	Consumer Lifestyle Business	Total	Other	Total	Elimination/ Corporate	Consolidated
Goodwill									
Amortization of goodwill	¥ 1,456	¥ 829	¥ 1,448	¥ 1,398	¥ 5,131	¥ 9	¥ 5,140	¥ —	¥ 5,140
Goodwill at March 31, 2011	15,727	7,223	15,790	14,732	53,472	53	53,525	(2,050)	51,475
Negative goodwill									
Amortization of negative goodwill	550	2	—	40	592	—	592	—	592
Negative goodwill at March 31, 2011	1,530	6	—	514	2,050	—	2,050	(2,050)	—

Notes 1. "Other" segment includes the following eight business groups; Functional service, Domestic regional corporation, Logistics & Insurance service, Venture capital, Aircraft leasing business, Investment business (e.g. real estate investments, etc.), Real estate rental business, Commercial facility development business.
2. Negative goodwill incurred from business combinations before April 1, 2010 is offset against Goodwill in the consolidated balance sheets.

7. Information about bargain purchase gain

The Company executed capital increase and additional investment in its consolidated subsidiaries and the resulting gain is recognized in earnings.

	Millions of yen								
	2012								
	Reportable segments								
	Machinery	Energy & Metal	Chemicals & Functional Materials	Consumer Lifestyle Business	Total	Other	Total	Elimination/ Corporate	Consolidated
Bargain purchase gain	¥1,208	—	—	—	¥1,208	—	¥1,208	—	¥1,208

Note: "Other" segment includes the following eight business groups; Functional service, Domestic regional corporation, Logistics & Insurance service, Venture capital, Aircraft leasing business, Investment business (e.g. real estate investments, etc.), Real estate rental business, Commercial facility development business.

	Thousands of U.S. dollars								
	2012								
	Reportable segments								
	Machinery	Energy & Metal	Chemicals & Functional Materials	Consumer Lifestyle Business	Total	Other	Total	Elimination/ Corporate	Consolidated
Bargain purchase gain	$14,732	—	—	—	$14,732	—	$14,732	—	$14,732

	Millions of yen								
	2011								
	Reportable segments								
	Machinery	Energy & Metal	Chemicals & Functional Materials	Consumer Lifestyle Business	Total	Other	Total	Elimination/ Corporate	Consolidated
Bargain purchase gain	¥279	—	—	—	¥279	¥125	¥404	—	¥404

Note: "Other" segment includes the following eight business groups; Functional service, Domestic regional corporation, Logistics & Insurance service, Venture capital, Aircraft leasing business, Investment business (e.g. real estate investments, etc.), Real estate rental business, Commercial facility development business.

21 ADDITIONAL CASH FLOW INFORMATION

(1) Cash flow from acquisition and sale of consolidated subsidiaries

The following are the amounts of assets and liabilities of newly consolidated subsidiaries at the time of acquisition for the years ended March 31, 2012 and 2011, and the acquisition cost of those companies and the amounts of net revenue from (expenditure for) acquisition.

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Current assets	¥ 5,305	¥ 5,799	$ 64,695
Non-current assets	7,457	6,392	90,939
Goodwill recognized on consolidation	924	1,917	11,268
Current liabilities	(1,958)	(4,630)	(23,878)
Long-term liabilities	(6,753)	(5,537)	(82,354)
Minority interests	(1,580)	(2,302)	(19,268)
Acquisition cost	3,395	1,639	41,402
Cash and cash equivalents of acquired companies	(1,054)	(4,191)	(12,853)
Net expenditure (revenue)	¥ 2,341	¥(2,552)	$ 28,549

The following are the amounts of assets and liabilities of subsidiaries excluded from the consolidation scope at the time the Company sold investment securities in consolidated subsidiaries, for the years ended March 31, 2012 and 2011.

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Current assets	¥4,449	¥1,361	$54,256
Non-current assets	2,025	2,790	24,695
Total	¥6,474	¥4,151	$78,951

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Current liabilities	¥6,877	¥1,174	$83,866
Non-current liabilities	704	1,825	8,585
Total	¥7,581	¥2,999	$92,451

(2) "Other, net" of cash flows from operating activities

"Other, net" of cash flows from operating activities for the year ended March 31, 2012, primarily consists of income resulting from a decrease in bankruptcy claims, which amounted to ¥13,195 million (U.S.$160,915 thousand).

(3) "Other, net" of cash flows from investing activities

"Other, net" of cash flows from investing activities for the year ended March 31, 2011, primarily consists of proceeds from the sales of investment property, which amounts to ¥18,810 million.

22 LAND REVALUATION DIFFERENCE

A certain domestic subsidiary and equity method affiliate revalued land for business in accordance with the Law Concerning Revaluation of Land on March 31, 2002. With respect to the evaluation difference, amounts equivalent to taxes related to the evaluation difference were presented as "Deferred tax liabilities on land revaluation difference" (See Note 8). The difference between the previous book value and the revalued amount, net of the deferred tax liabilities was presented as "Land revaluation difference" in net assets.

- Method of revaluation: Calculations were made in accordance with the Law Concerning Revaluation of Land.
- Date of revaluation: March 31, 2002
- The difference between the market value as of March 31, 2012 and the book value of land after revaluation: ¥1,110 million (U.S.$13,537 thousand).

23 RELATED PARTY INFORMATION

(1) Related party transactions
There are no significant transactions with any related party in the years ended March 31, 2012 and 2011.

(2) Financial summary of significant affiliates of the Company
A financial summary of Metal One Corporation and ETH Investimentos S.A., which are significant affiliates of the Company, for the years ended or as of March 31, 2012 and 2011, is as follows:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Current assets	¥ 944,748	¥ 834,131	$11,521,317
Non-current assets	628,102	627,157	7,659,780
Current liabilities	803,660	688,457	9,800,732
Non-current liabilities	406,073	360,888	4,952,110
Net assets	363,117	411,943	4,428,256
Net sales	2,543,999	2,570,255	31,024,378
Income before income taxes and minority interests	(10,081)	40,715	(122,939)
Net income (loss)	¥ (9,455)	¥ 31,542	$ (115,305)

24 STOCK OPTIONS

The stock options outstanding at March 31, 2012 are as follows:

Entity name:	Sakura Internet Co., Ltd.
Persons granted:	2 directors, 3 corporate auditors, 77 employees
Number of options granted:	376 common shares of Sakura Internet Co., Ltd.
Date of grant:	August 31, 2006
Vesting conditions:	Stock options are vested to persons in a position of director, corporate auditor or employee of Sakura Internet Co., Ltd. at the time of exercise, unless the retirement is caused by an expiration of the term of director, reaching retirement age or other valid reasons.
Required service period:	From August 31, 2006 to June 27, 2008
Exercise period:	From June 28, 2008 to June 27, 2011
Exercise price per share:	¥291,394 (U.S.$3,553.59)
Fair value price at grant date:	¥185,399 (U.S.$2,260.96)

The numbers of stock options outstanding for Sakura Internet Co., Ltd. are as follows:

	At March 31, 2011	Granted	Forfeited	Vested	At March 31, 2012
Non-vested	—	—	—	—	—
	At March 31, 2011	Granted	Forfeited	Vested	At March 31, 2012
Vested	316	—	—	316	—

Independent Auditor's Report

KPMG

Independent Auditor's Report

To the Board of Directors of Sojitz Corporation:

We have audited the accompanying consolidated financial statements of Sojitz Corporation and its consolidated subsidiaries, which comprise the consolidated balance sheets as at March 31, 2012 and 2011, and the consolidated statements of operations and statements of comprehensive income, statements of changes in net assets and statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Sojitz Corporation and its consolidated subsidiaries as at March 31, 2012 and 2011, and their financial performance and cash flows for the years then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2012 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

KPMG AZSA LLC

June 26, 2012
Tokyo, Japan

Corporate Data

(As of March 31, 2012)

Company Name Sojitz Corporation

Established April 1, 2003

Capitalization 160,339 million yen

President & CEO Yoji Sato
(As of April 1, 2012)

Head Office 1-1, Uchisaiwaicho 2-chome,
Chiyoda-ku, Tokyo 100-8691,
Japan
TEL: +81-3-6871-5000
FAX: +81-3-6871-2430
(Relocated on July 17, 2012)

Number of Branches & Offices Domestic 7
Overseas 91

Number of Subsidiaries & Affiliates Domestic 133
Overseas 356

Number of Employees Non-consolidated 2,256
Consolidated 17,039

Sojitz Corporation Website

http://www.sojitz.com/en/index.html

● Investor Relations Section

http://www.sojitz.com/en/ir/index.html

● Corporate Social Responsibility Section

http://www.sojitz.com/en/csr/index.html

Ten Declarations

10

from Shigeru Nishihara,
Executive Officer, Investor Relations

"We are determined to reform major progress as a creative trading

Next year will be the tenth year since the merger that created Sojitz. What road should Sojitz take in its second decade?

Looking ahead at the operating environment for the coming 10 years, the global economy will become more complex and will change with increasing rapidity. Naturally, the capabilities and roles required of trading companies will also change. In this milieu, we cannot take advantage of our strengths and unique characteristics if we simply continue to do business as usual. In the worst case, our very reason for existence may fade, so we need to change now. Medium-term Management Plan 2014 is our strategy for change.

Discussions during the process of formulating Medium-term Management Plan 2014 have already disseminated the vision and other aspects of the plan, including balance-sheet-based management and division management, and we have made progress in changing our mindset. We must steadily implement policies one by one to achieve the objectives of the plan; for example, we must share even more, accelerate decision-making, strengthen the capabilities of our international organization, and raise the sophistication of risk management.

Sojitz will creatively and continuously generate new added value to demonstrate its reason for existence into the future. We will continue to excel as long as we contribute to social and industrial development through creation. I am confident that Sojitz will strongly differentiate itself over the coming 10 years by achieving the targets of Medium-term

ourselves to make company."

Management Plan 2014 with the objectives of increasing corporate value and pursuing greater achievements in the future. I intend to do everything I can to ensure that our stakeholders understand this.

In IR, we need to contribute to an accurate valuation for Sojitz through ongoing communication with shareholders and investors to explain strategies and plans and provide regular updates of their progress and effectiveness. An important concurrent function of IR is seriously considering the opinions of our shareholders and investors and reflecting them in management. Sojitz intends to maintain close communication with shareholders and investors and exchange opinions about our strategies and initiatives.

Executive Officer
Corporate Planning,
Regional Coordination & Administration,
Logistics & Insurance,
Investor Relations
Shigeru Nishihara

sojitz

New way, New value

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