New way, New value

Annual Report 2013

For the year ended March 31, 2013

Striding Ahead

Infrastructure Project & Industrial Machinery
Automotive
Marine & Aerospace
Information Technology
Energy
Coal & Nuclear
Steel & Mineral Resources
Chemicals
Ecological Materials & Resources
Life Science Business Development
Foods Resources
Agriculture & Forest Resources
Consumer Service & Development

Sojitz Corporation

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)

Sojitz 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.

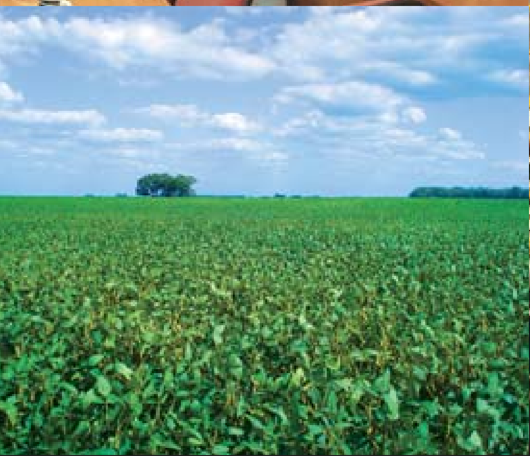
Editorial Policy

Annual Report 2013 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/

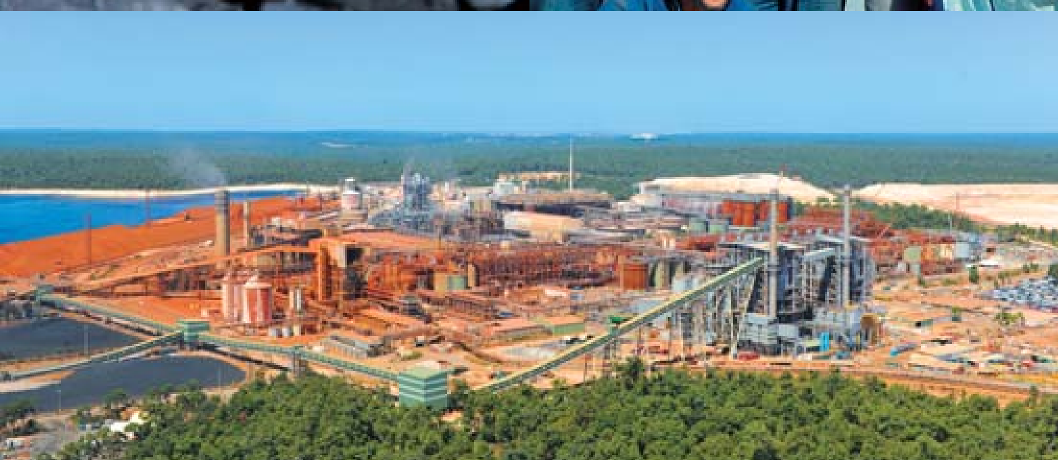
Forward-Looking Statements

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.



Striding Ahead

Under Medium-term Management Plan 2014 – Change for Challenge, Sojitz is implementing reforms to improve asset quality and strengthen its risk management capabilities. While the business environment is changing significantly, we are vigorously making progress in steady and decisive initiatives to generate growth. In pursuit of greater achievements we will continue to reform ourselves as we strive to live up to new challenges in order to increase corporate value.



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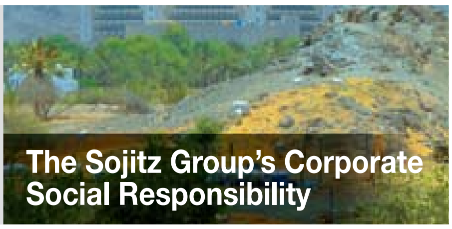


A Message from President & CEO Yoji Sato

The year ending March 31, 2014 marks Sojitz Corporation's first decade. The merger of Nichimen Corporation and Nissho Iwai Corporation created Sojitz, and began with restructuring through extensive asset compression and write-offs. The two companies had different internal systems and corporate cultures, but all employees worked in concert as we repurchased and cancelled preferred shares to enhance total equity and improved results. As a result, in 2008 all of the credit rating agencies gave us an investment-grade rating. Following the financial crisis of 2008 we continued to review assets, which included optimizing inventory, and strengthened our risk management system while enhancing our financial foundation. Thus Sojitz overcame difficulties and generated growth because of the efforts of its employees and the deep understanding and support of its stakeholders, for which we are grateful.

We will accelerate reforms and continually move forward to generate new growth.

Strengthening earnings capacity is a key theme for Sojitz in generating the next phase of growth. The aim of Medium-term Management Plan 2014 – Change for Challenge, which culminates in the year ending March 31, 2015, is to raise asset quality through asset replacement and further enhance our financial foundation to transform Sojitz into a strong company that can take on even greater challenges. During the year ended March 31, 2013, the first year of the plan, we achieved steady results in asset replacement, but major changes in the external operating environment require us to further accelerate our reforms.

We devoted ourselves to resolving problems over the past 10 years. With those problems out of the way, we can now devote ourselves to significant growth over the next 10 years. We will generate new growth by implementing numerous reforms and acquiring prime assets. I intend to lead Sojitz as it evolves and takes on new challenges.

Sojitz will continually move forward to increase its corporate value. We are counting on the goodwill of our stakeholders as we do so.

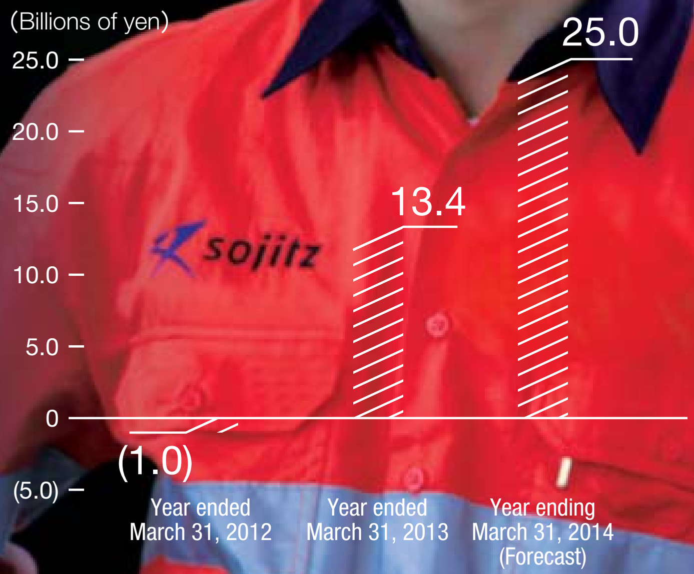
August 2013

President & CEO
Yoji Sato


President & CEO
Yoji Sato

¥13.4 billion

Profit (Loss) for the Year (Attributable to owners of the Company)



Year ended March 31, 2012
¥(1.0) billion

Year ended March 31, 2013
¥13.4 billion

Year ending March 31, 2014 (Forecast)
¥25.0 billion

Value: Solve Problems

Automotive Business → Cultivating New Markets

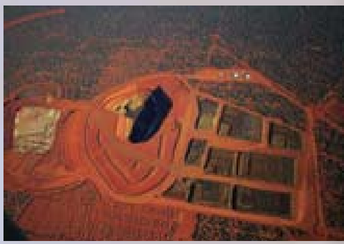
We are leveraging the networks and market expertise we have built to date to open markets that have posed difficulties for automobile manufacturers and to handle marketing as their sales representative. We have built a strong presence for Subaru in Russia and for Hyundai in Thailand and Puerto Rico.

Coal Business → Stable Supply of Energy

Thermal power plants and steelmaking use coal as a resource, and demand for coal is increasing due to factors such as price, years of proven reserves and improved generation efficiency. Sojitz has built a strong position in trading coal over 60 years, and is contributing to the national energy policies of various countries by maintaining stable supply.

Rare Earths Business → Supporting Japanese Manufacturing

In the rare earths business, Sojitz has secured multiple supply sources to complement imports from China in ways such as investing in a rare earths development company in Australia. We support Japanese manufacturing by stably procuring rare earths, which are used in a broad array of electronics equipment.



Infrastructure Project & Industrial Machinery Business → Building the Foundation for National Development

Sojitz supports industrial development through plant engineering, procurement and construction for steel, fertilizer and chemical plants, as well as industrial machinery and production systems. Backed by the trust and expertise we have cultivated through project management, we comprehensively help build the foundation for national development by handling operation, maintenance and other aspects of IPP and water businesses once construction is complete.

11 business units

Breakdown of Total Assets (March 31, 2013)

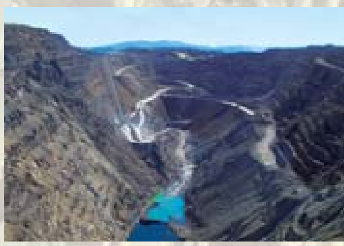
Mission: Drive Markets

Commercial Aircraft Business → No. 1 Share in Japan

Sojitz is the sales representative in Japan for leading aircraft manufacturers including Boeing and Bombardier. We serve as a sales consultant with intimate knowledge of aircraft and users. We have maintained the number one share of the commercial aircraft market in Japan for many years, and play a key role in the development of Japan's airline industry.

Rare Metals Business → Top-Class Share of Imports to Japan

Sojitz has a top-class share of imports to Japan of molybdenum, niobium and other rare metals. We secure supply sources through investments in interests and suppliers, and maintain an organization for steadily supplying rare metals to Japan by matching users and suppliers.



Methanol Business → Annual Trading Volume of 1 Million Tons

Sojitz has invested in a methanol manufacturing company in Indonesia and supplies one million tons of methanol annually, primarily to customers in Asia. Methanol serves a broad range of applications including use as a chemical feedstock and for fuel. Sojitz therefore contributes to the development of many industries by impelling the methanol value chain.

Advanced Chemical Fertilizer Business → Top-Class Share in Thailand, Vietnam and the Philippines

Sojitz has been involved in the advanced chemical fertilizer business in Thailand, Vietnam and the Philippines for more than 40 years, and holds top-class share in each of these countries. As the market leader, Sojitz will support agriculture in Southeast Asia to address the expected growth in demand for food in emerging countries over the long term.

120 years

Nissho Company
1902 Suzuki & Co., Ltd. established

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

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

Nissho Iwai Corporation
1968 Nissho Company and Iwai Sangyo Company merged

A History of Innovation

Over 120 Years → Pioneer in Emerging Countries

Since initiating procurement of raw cotton in India, Egypt and China in 1892, Sojitz has built a potent network spanning many nations as a pioneer in emerging countries. Sojitz is strong in emerging countries because it supports their development through business. For example, we were the first Japanese trading company to open a branch in Egypt and supported the reconstruction of Vietnam after the Vietnam War through infrastructure development and other operations.

10 Years → A New Presence Established

On April 1, 2003 Nichimen Corporation and Nissho Iwai Corporation merged to form a joint holding company that became Nissho Iwai-Nichimen Holdings Corporation. This management integration created the Sojitz Group of today. Over the past 10 years, Sojitz has built powerful positions in its businesses as a global general trading company committed to its corporate philosophy of producing new sources of wealth with a spirit of integrity.

50 Countries → An International Business

Sojitz has built numerous value chains by handling a wide array of products and services worldwide and broadening its networks. The Sojitz Group encompasses nearly 500 companies in Japan and worldwide and connects global suppliers and customers in approximately 50 countries and regions.

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New way, New value

Sojitz Corporation

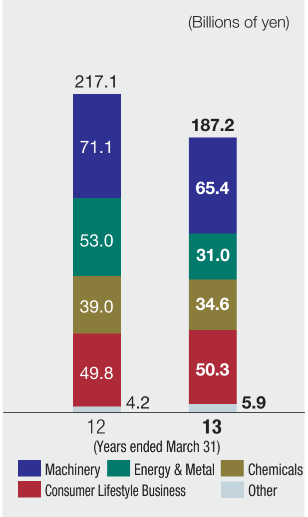
Financial Highlights (IFRSs*)

- Financial problems and slower growth in China brought on by the recession in Europe were factors depressing the prices and demand for many of the products Sojitz handles. As a result, gross profit decreased year on year. However, Sojitz had profit for the year compared with loss in the previous fiscal year due to the reversal of deferred tax assets.
- Total equity increased ¥52.6 billion from a year earlier because of earnings, the weaker yen and higher stock prices. In addition, Sojitz undertook various initiatives to maintain financial soundness, such as asset replacement and reduction of interest-bearing debt, with outcomes including net DER of 1.7 times.
- Annual dividends per share totaled ¥3.00, and the consolidated payout ratio was 27.9%.

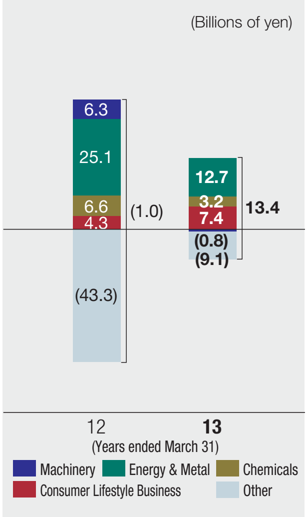
* Sojitz has adopted International Financial Reporting Standards (IFRSs) as of the annual securities report for the year ended March 31, 2013.

Main Performance Indicators

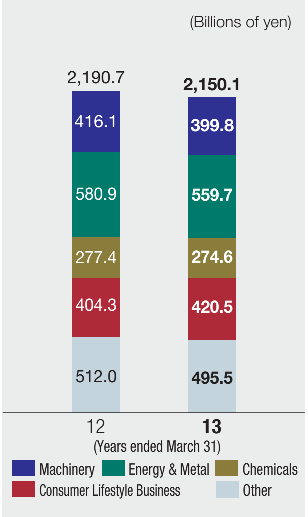
Gross Profit



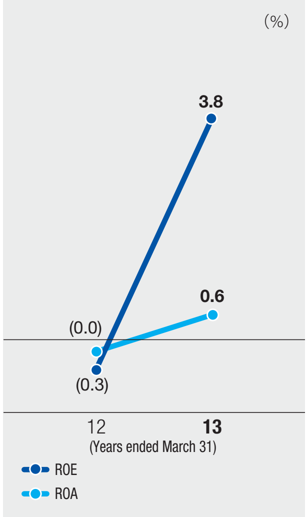
Profit (Loss) for the Year (Attributable to owners of the Company)



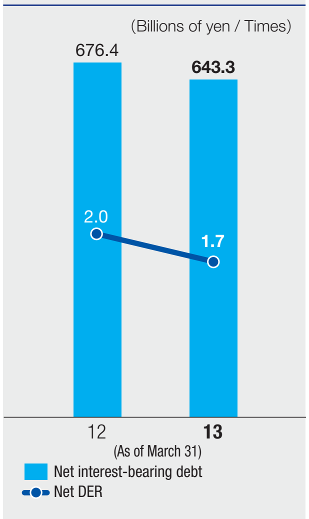
Total Assets



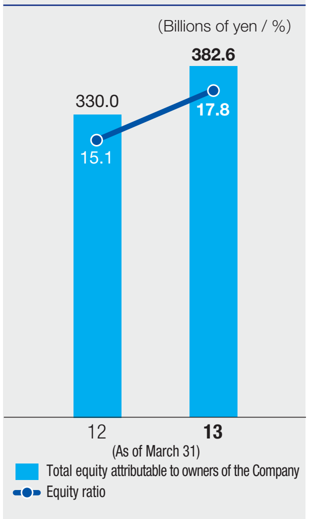
ROE and ROA



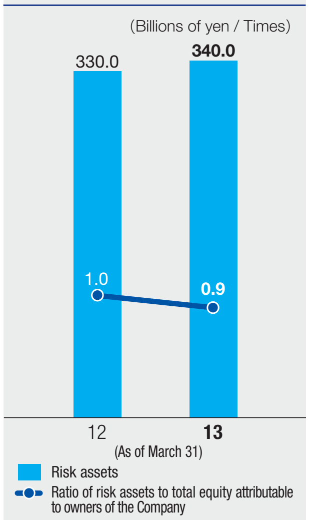
Net Interest-Bearing Debt and Net DER



Total Equity Attributable to Owners of the Company[1] and Equity Ratio



Risk Assets and Ratio of Risk Assets to Total Equity Attributable to Owners of the Company



Dividends per Share[2] and Payout Ratio

1. Total equity attributable to owners of the Company=Total equity – Non-controlling interests

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

Sojitz Corporation's Ratings (As of March 31, 2013)

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	—

Reference: Japanese GAAP

(Billions of yen)

	2013	2012	2011	2010	2009
Operating Results					
Gross trading profit	**192.1**	231.6	192.7	178.2	235.6
Ordinary income	**34.5**	62.2	45.3	13.7	33.6
Machinery	**3.8**	12.4	2.0	(4.1)	9.3
Energy & Metal	**9.7**	32.6	28.7	12.6	32.8
Chemicals	**5.8**	9.8	6.8	2.9	5.5
Consumer Lifestyle Business	**12.3**	9.1	6.3	(4.1)	(10.3)
Other	**2.9**	(1.7)	1.5	6.4	(3.7)
Net income	**14.3**	(3.6)	16.0	8.8	19.0
Free cash flow	**37.9**	49.3	48.0	135.7	86.5
Balance Sheet Data (As of March 31)					
Total equity	**353.5**	305.9	330.0	352.4	319.0
Equity ratio (%)	**16.9**	14.4	15.6	16.3	13.8
Total assets	**2,086.4**	2,120.6	2,117.0	2,160.9	2,313.0
Ratios					
ROE (%)	**4.3**	(1.1)	4.7	2.6	4.8
ROA (%)	**0.7**	(0.2)	0.7	0.4	0.8
Net interest-bearing debt	**616.2**	647.8	700.6	737.8	865.3
Net debt equity ratio (DER) (Times)	**1.7**	2.1	2.1	2.1	2.7
Risk assets	**300.0**	300.0	310.0	320.0	350.0
Ratio of risk assets to total equity (Times)	**0.8**	1.0	0.9	0.9	1.1

Management Strategy

We will make necessary changes without hesitation as we work in concert to successfully take on new challenges.

President & CEO
Yoji Sato

The Year Ended March 31, 2013 in Retrospect

Please discuss the results and issues for the year ended March 31, 2013, the first year of Medium-term Management Plan 2014 – Change for Challenge.

Our operating environment became more challenging due to factors including the sharp drop in resource prices.

The year ended March 31, 2013 reaffirmed our confidence in our strategic direction despite the significant impact of changes in the external environment.

I would like to begin by discussing earnings. The recession in Europe impacted the economies of other countries, including China. The resulting drop in demand and prices for many of the products that the Sojitz Group trades caused income (ordinary income, Japanese GAAP) to decrease year on year. The sharp drop in resource prices was a particularly significant factor that dragged down earnings. Consequently, earnings decreased for the Machinery Division, the Energy & Metal Division and the Chemicals Division. However, cost reductions in the Energy & Metal Division and elsewhere in the Group helped limit the decrease and will be reflected in results in the year ending March 31, 2014. The Consumer Lifestyle Business Division, which is intimately connected with food, clothing and shelter, increased income by generating stable earnings and expanding its core businesses.

Financially, total equity increased backed by profit for the year, the recovery in stock prices and the weaker yen. We also reduced interest-bearing debt in ways such as redeeming bonds, which allowed us to comfortably meet our financial targets of a net debt equity ratio (net DER) of 1.7 times and a ratio of risk assets to total equity of 0.9 times.

Please note that we have adopted International Financial Reporting Standards (IFRSs) for the annual securities report from the year ended March 31, 2013. Financial statement line items used as quantitative targets therefore differ from those used formerly, such as ordinary income.

We made substantial progress in initiatives to improve asset quality.

A key strategy of Medium-term Management Plan 2014 is improving asset quality, and we made substantial progress in doing so. During the plan, we aim to strengthen our earnings foundation without significantly changing the scale of assets by replacing them Company-wide to enhance their quality and efficiency. Asset replacement increases earnings, generates capital and strengthens our financial foundation, and is therefore key to the plan's success.

New investments and loans that added assets to our portfolio totaled ¥44.0 billion in the year ended March 31, 2013. We invested in the acquisition and expansion of resource interests as well as in areas in which we can expect stable growth, including the independent power producer (IPP) business in the Middle East, and the marine chemicals business in India that produces industrial salt and sulphate of potash fertilizer. We also compressed assets totaling ¥81.0 billion, including domestic energy-related businesses, resource interests and shares in overseas companies, based on a reevaluation of discrete businesses and assets. We recovered capital totaling ¥47.0 billion as a result. The pace of asset compression and recovery was somewhat faster than the pace of new investments and loans, but Sojitz did decide to invest in multiple projects including solar power generation businesses and coal interests that are now progressing well.

Organizational and systemic reforms are also proving effective. Our focus on building a system that incorporates sophisticated risk management capabilities in our businesses included the establishment of a Controller Office in the Energy & Metal Division in April 2012. The office enables us to determine the quality of discrete assets in real time, and quickly address conditions in our businesses and changes in the external environment. These results led us to establish a Controller Office in the Consumer Lifestyle Business Division in April 2013, and we plan to do the same in the remaining two divisions.

Future Operating Environment and Strategic Direction

The external environment changed dramatically during the year ended March 31, 2013. What lies ahead for Sojitz, and what strategic direction will it take under Medium-term Management Plan 2014?

We will accelerate reforms to accommodate change in our strategic assumptions, but we will not lower our numerical targets.

We began the year ending March 31, 2014 with a long-awaited favorable outlook for Japan's economy, as stock prices and exchange rates have reflected the positive expectations for the new government since it assumed power at the end of 2012. Internationally, the U.S. economy is recovering and emerging countries in Asia and elsewhere are expected to provide strong support for the global economy. Ongoing recession in Europe and economic uncertainties in China, however, require close attention. Resource prices appear to be bottoming out after their decline in the year ended March 31, 2013, but we expect them to basically remain depressed.

While our assumptions have changed since last year, Medium-term Management Plan 2014 is designed to give us a potent ability to deal with the vagaries of our operating environment through measures to strengthen our earnings and financial foundations. Our principal objective is to further enhance our organizational resiliency to create an environment in which dynamic employees can take on even greater challenges. We did not achieve the numerical targets of Medium-term Management Plan 2014 for its first year, but we will continue pushing forward with the plan because we want to become a strong company. Achieving the plan targets will not be easy because of the changes in

Progress of Medium-term Management Plan 2014: Investment and Loan Plan

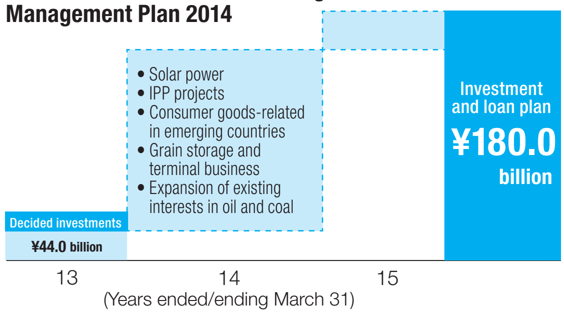
While accelerating investments and loans, improve the quality of assets by continuing asset replacement.

- Invest in high-quality projects in emerging countries in Asia, Africa, South America and elsewhere, mainly in business focus areas.
- Flexibly consider investments, using a structure that rapidly adjusts to environmental change.
- Accelerate earnings accumulation in the current medium-term management plan.

Business Focus Areas

- **Businesses aimed at expandings stable earnings**
  (Examples: Overseas IPP, coal interests and peripheral businesses and methanol)
- **Businesses aimed at expanding earnings and adapting to structural shifts**
  (Examples: Lithium, basic petrochemicals, fertilizer and grains trading)
- **Businesses in anticipation of future growth**
  (Examples: Renewable energy production, infrastructure improvement and iron ore mining development)

Investment and Loan Plan during Medium-term Management Plan 2014



our operating environment. However, we will accelerate our reforms and enhance our ability to execute in order to transform Sojitz into an ever stronger company.

Business Plan for the Year Ending March 31, 2104

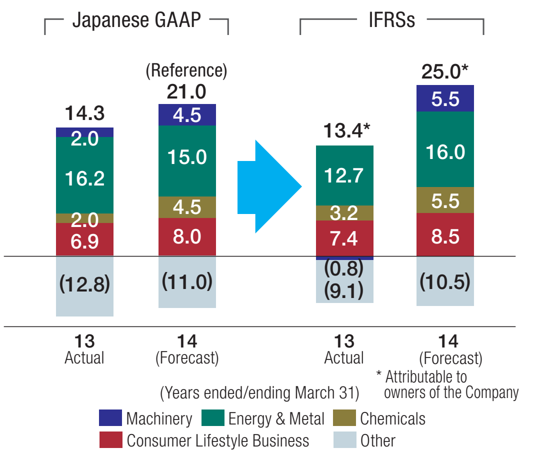
The year ending March 31, 2014 is the second year of Medium-term Management Plan 2014 and is crucial to achieving the plan's targets. What is the business plan for the year?

We forecast increased earnings under the theme of enhancing our fundamental competitiveness.

In the year ending March 31, 2014, we once again reviewed the earnings plan for each division under the theme of enhancing our fundamental competitiveness. Enhancing our strengths and expanding businesses in which we excel are directly linked to enhancing profitability. We are therefore determined to assiduously refine our capabilities and press forward with reforms to strengthen our earnings foundation.

Formulating the plan involved unprecedented efforts. I held three rounds of interviews and discussion with the general managers of all business divisions. One by one, we clarified the priorities we must deal with and the challenges we need to take on for future growth, then established a timeline and numerical targets. We then created a framework for evaluating both the employees who take on challenges and the organizations they work for by incorporating respective challenges in evaluations of organizational performance. The result is a very achievable plan.

Profit for the Year by Segment (Billions of yen)



Our specific earnings plan for the year ending March 31, 2014 forecasts profit attributable to owners of the Company of ¥25.0 billion, an ¥11.6 billion year-on-year increase. Among other factors supporting this increase, we expect a partial recovery in the automotive business overseas, along with a rebound in production at oil and gas interests. Moreover, we expect Asia to lead growth in chemical trading volume, and the fertilizer business should remain firm. We also plan to maintain a sound financial foundation, with total equity of ¥410.0 billion and a net DER of 1.7 times as of March 31, 2014.

Our basic dividend policy includes a payout ratio of approximately 20% of profit attributable to owners of the Company and a commitment to stable, continuous dividends. We plan to increase annual cash dividends by ¥1.0 per share to ¥4.0 per share for the year ending March 31, 2014.

Key Points for New Investments and Loans

What is Sojitz's plan for new investments and loans, and what is your vision for the earnings portfolio in the future?

We will accelerate the acquisition of prime assets to improve asset quality.

We intend to make new investments and loans totaling ¥180.0 billion over the three years of our medium-term management plan. This figure includes capital generated through asset replacement. In the year ending March 31, 2014, we plan to make investments and loans in the ¥75.0 billion to ¥85.0 billion range. We will continue to concentrate on asset compression, but we also intend to accelerate the acquisition of prime assets because asset compression has proceeded well.

Changes in the economic environment coupled with our success in improving our operating fundamentals during the past fiscal year are significantly increasing opportunities to invest in attractive projects. We are now fully leveraging the flexible, responsive risk management system we have established to swiftly take advantage of these circumstances. We also have a number of projects that we have already decided on, including solar power generation businesses, coal interests and IPP businesses, so we expect to have a good lineup of investments and loans for the year ending March 31, 2014.

Our policy of concentrating investments and loans in business focus areas has not changed. While I am not going to cover specific projects, the overall thrust will be businesses that 1) serve consumption in emerging countries, which continues to grow; 2) anticipate future population growth; 3) meet demand in regions that have recovered economically; and 4) further reinforce our earnings foundation in areas of strength.

Given the expanded number of investment and loan opportunities, we expect an increase in investments and loans for projects that will contribute to results from the year ending March 31, 2015.

We will enhance development of global human resources to expand non-resource businesses.

We will devote a larger share of new investments and loans to non-resource projects compared with resource projects.

Traditionally, Sojitz has targeted a future earnings portfolio with an equal weighting of resource and non-resource assets. We therefore decided to add non-resource projects that are resilient to economic conditions to our earnings foundation. Energy and metal resources accounted for a large proportion of investments and loans over the past several years because of strong market conditions. Concurrently, however, we steadily built the foundation for expanded non-resource investment in ways such as dispatching personnel as part of our efforts to build our customer and partner networks and studying various aspects of marketability. Our investment and loan performance in the year ended March 31, 2013 suggests that these initiatives are paying off, and we will further increase the weighting of non-resource projects.

At the same time, expanding our non-resource businesses means that we need to strengthen our overseas operating bases. Many of our non-resource businesses are in consuming regions overseas. We must therefore create business models that suit the regions they serve, including settlement in local currencies. Consequently, it is more important than ever to enhance our in-market capabilities at overseas operating bases. We will energetically promote initiatives to nurture global human resources who see the world from the point of view of these bases.

Sojitz and Corporate Social Responsibility

Accommodating the demands and expectations of society is important for achieving sustainable growth. Please explain Sojitz's approach to corporate social responsibility (CSR).

Future Contributions to Earnings

Accelerate accumulation of earnings from new investment and loan projects to supplement the existing earnings base.
(In addition to investments and loans in projects that will begin contributing to earnings during the current medium-term management plan and beyond, expand investments and loans in projects that will contribute to earnings in the year ending March 31, 2014.)

	Machinery	Energy & Metal	Chemicals	Consumer Lifestyle Business
New projects	**Investment and loan projects in the current medium-term management plan**			
	▶ **IPP** Saudi Arabia: Started commercial operation in March 2013; Oman: 2 projects started commercial operations in April 2013	▶ **Coal** Production volume increase from expansion of interests ▶ **Copper** Equity share of production to reach 8,000 tons in FY2014	▶ **Indian industrial salt** Start of commercial operations in 2013 ▶ **Australian rare earths** Planned increase in trading volume for FY2014	▶ **Food resources** With a view to future domestic demand expansion, invest in food and consumer product businesses, focusing on Vietnam, Indonesia and other markets
Earnings base	**Investment and loan projects in the previous medium-term management plan**			
	▶ **Automobile** Sales of automobiles in emerging markets such as the ASEAN region, Russia and the NIS, and Central and South America	▶ **Oil, Gas and LNG** Participating in large-scale LNG projects ▶ **Iron and steel-related** Conducting domestic and overseas sales through Japan's largest integrated steel company.	▶ **Methanol** Annual volume handled: 1 million tons ▶ **Over 1,400 items handled**	▶ **Advanced chemical fertilizer** Leading share in Thailand, the Philippines and Vietnam ▶ **Overseas industrial parks** Business expansion in Vietnam, Indonesia and India

We are responsible for supplying things that the world truly needs.

Sojitz sees CSR as its management objective. All initiatives to achieve our corporate philosophy are part of our CSR. We have set CSR priority themes based on the expectations and concerns of society and their importance to Sojitz. These themes are another way to demonstrate our value.

A key feature of general trading companies is that their operations are directly related to solving social problems because they create new businesses in order to provide things that each region of the world truly needs. Our woodchip business in Mozambique is representative. We provide free seedlings to local plantations, and then purchase the mature trees. This business model allows us to acquire woodchip raw materials at a reasonable cost and creates jobs in Mozambique, thus generating significant value for both parties. At the same time, it establishes a cycle that supports the use of sustainable forest products. Other Sojitz businesses also contribute to and grow with communities around the world in ways such as providing energy and resources, building infrastructure, creating jobs and developing industries. This allows us to achieve sustainable growth.

In addition, a general trading company is only as good as the people it employs. This maxim is not limited to trading companies; it applies to anyone connected to the trading company's businesses. The business of a general trading company originates not only from the flow of goods and capital, but also from the activity of people. In developing businesses globally, Sojitz has built mutually beneficial relationships with customers and partners that nurture human resources. We need to openly share our many years of experience with the world.

In the past, Japan received support from countries and businesses worldwide that made it the country it is today. We must now fulfill our role and do what we can. We need to take the initiative in addressing the demands of society in areas such as preventing corruption and preserving the environment. This philosophy is behind our participation since 2009 in the United Nations Global Compact, and we will continue to put it into practice.

The roles that stakeholders expect of us are becoming increasingly diverse. We will meet these expectations in our rapidly changing environment by constantly listening to the opinions of society and continuing to deliver new value to enable sustained growth.

Increasing Corporate Value

Please close by describing for stakeholders how Sojitz will increase corporate value.

We will increase corporate value by achieving the targets of Medium-term Management Plan 2014.

To reiterate, during Medium-term Management Plan 2014 we will assiduously increase asset efficiency through rapid asset replacement while further strengthening our financial foundation to become a company where more people can accomplish more.

The dizzying pace of change in our operating environment requires us to rapidly reflect those changes in specific businesses. The subtitle of Medium-term Management Plan 2014, Change for Challenge, means "In pursuit of greater achievements we will continue to transform ourselves as we strive to meet new challenges." We intend to accelerate this transformation. Now that we are benefiting from the results of asset replacement, the motivation inside the Company to create new businesses is strong. I truly believe that we will earn even greater trust from our stakeholders and increase corporate value by achieving the targets of our plan.

The spirit of Change for Challenge will guide us in making necessary changes without hesitation as we work in concert to successfully take on new challenges.

August 2013

President & CEO
Yoji Sato

Business Strategies

New investment and loan plan
(Total for the three years ending March 31, 2015)

¥180.0 billion

Assets compressed (Year ended March 31, 2013)

¥81.0 billion

Stride 1
Proceed with Asset Replacement

2012

First Controller Office established

Asset Replacement Enables Aggressive Expansion

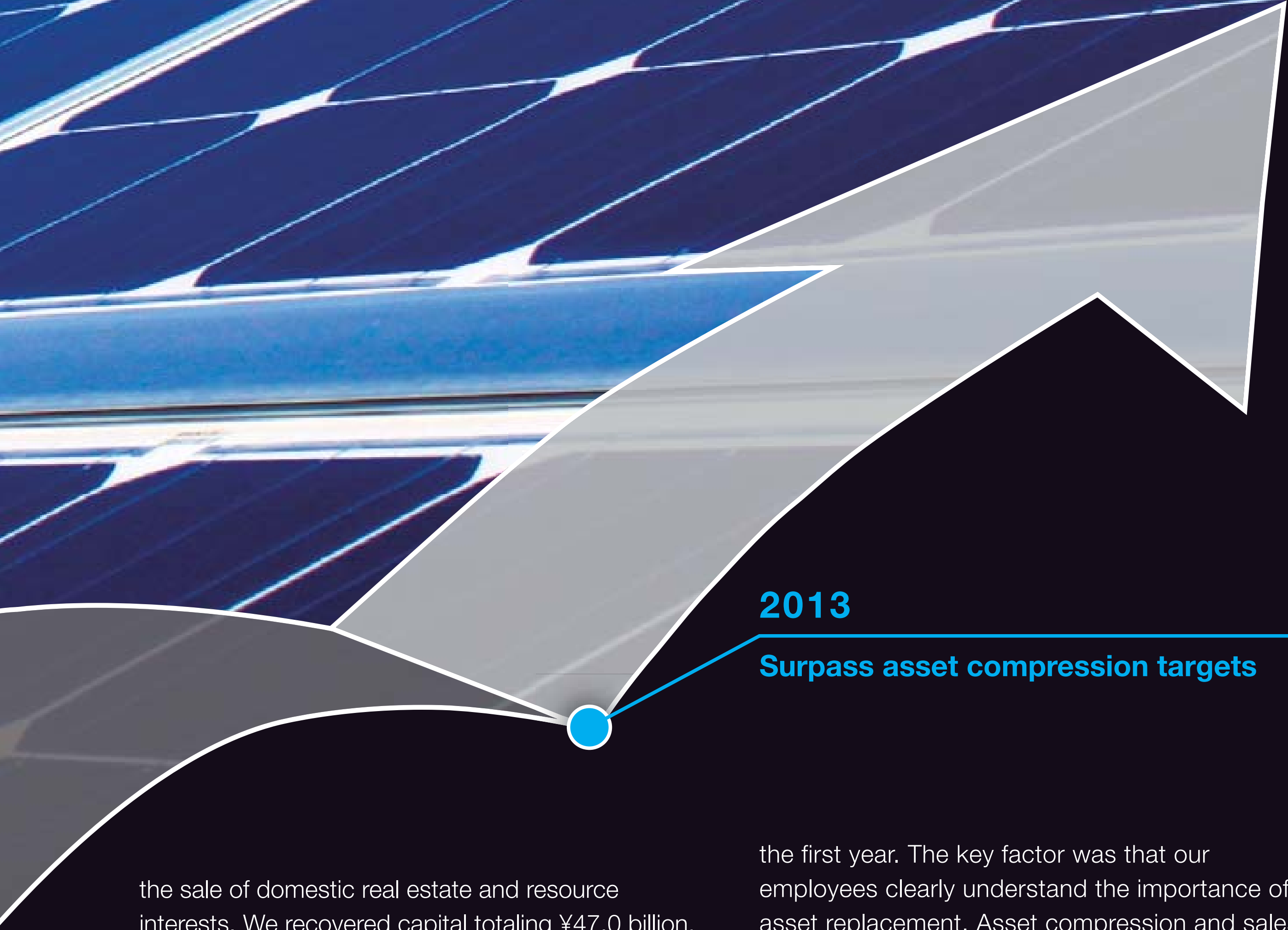
We are raising asset quality in terms of profitability and growth potential through asset compression and sales and through investments and loans. Asset replacement is a key to successfully strengthening our earnings foundation under Medium-term Management Plan 2014.

Sojitz has aggressively replaced assets through means including disposing of inventory and withdrawing from businesses after verifying profitability and liquidity. Under Medium-term Management Plan 2014, however, the scale, timing and numerical targets for asset replacement are unprecedented. We think of asset replacement initiatives as reforms that enable aggressive growth. We exhaustively analyzed and reviewed each asset and business in formulating Medium-term Management Plan 2014 with the intent of comprehensive optimization. We clarified focus areas for each department and division, and the areas they would scale back or withdraw from. We then incorporated the results into a three-year plan. We also formulated a plan to make new investments and loans totaling ¥180.0 billion over the three years after defining business focus areas and other target businesses in detail.

Expediting Initiatives to Acquire Prime Assets

Sojitz made remarkable progress in replacing assets during the year ended March 31, 2013, the first year of Medium-term Management Plan 2014.

We compressed assets totaling ¥81.0 billion, which exceeded our plan. Initiatives ranged widely, from the sale of Sojitz Energy Corporation shares to



2013

Surpass asset compression targets

the sale of domestic real estate and resource interests. We recovered capital totaling ¥47.0 billion, which was more than expected.

Meanwhile, we made ¥44.0 billion in investments and loans to acquire new assets. Sojitz increased the weighting of non-resource assets, with initiatives including the consolidation of a food wholesaler subsidiary in Vietnam, investment in the water business in the Republic of Ghana, and participation in the independent power producer (IPP) business in Saudi Arabia. We have increased non-resource investments and loans since the financial crisis of 2008, and they are now generating results. In addition, we have moved ahead with or decided on many projects and the beginning of the year ending March 31, 2014, including the solar power generation business and coal interests in Indonesia. A number of large-scale projects are in the finalization stage, and inquiries regarding new projects have increased sharply because of the weaker yen and higher stock prices. As a result, opportunities to invest in quality projects have increased significantly.

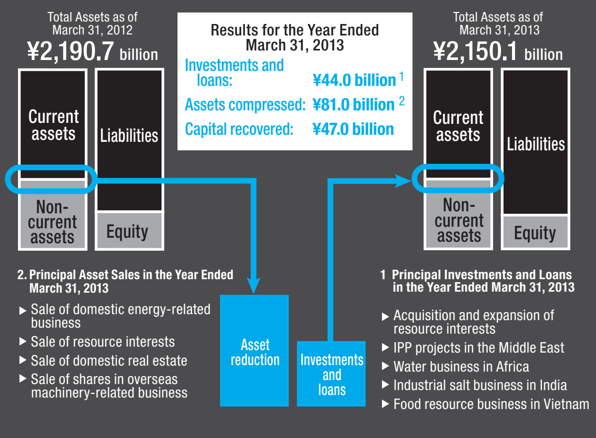
The Controller Offices established in divisions to improve risk management capabilities are effectively supporting improved asset quality, and Sojitz is upgrading the framework for more aggressive asset replacement.

Commenting on the past fiscal year, President & CEO Yoji Sato said, “Our reforms are in many ways challenging, but we made substantial progress in the first year. The key factor was that our employees clearly understand the importance of asset replacement. Asset compression and sales are proceeding steadily, which has generated the resources for investments. Our increasing ability to aggressively make new investments and loans is creating dynamism within Sojitz.”

Acquiring prime assets will be a key issue during the second and third year of Medium-term Management Plan 2014. We will respond flexibly to changes in the operating environment while executing aggressive initiatives with greater speed.

President & CEO Sato asserted, “We will accelerate initiatives Company-wide to raise asset quality. Implementing these reforms will give Sojitz a bigger, brighter future.”

▶ Asset Replacement in the Year Ended March 31, 2013

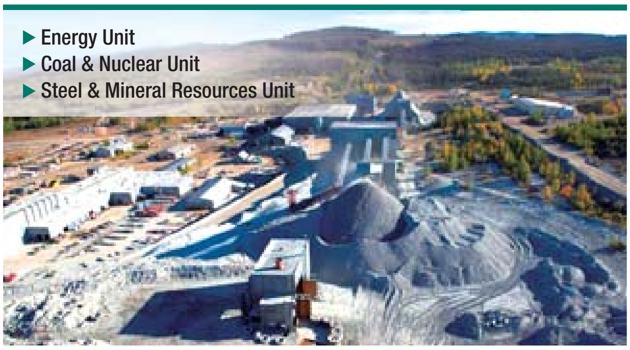


Sojitz Snapshot

Performance Highlights by Segment

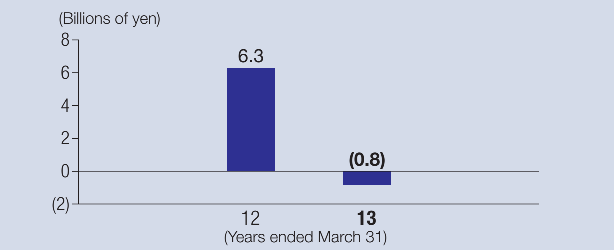
Machinery Division

Energy & Metal Division

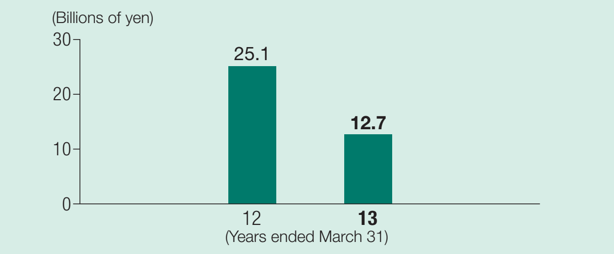


IFRSs

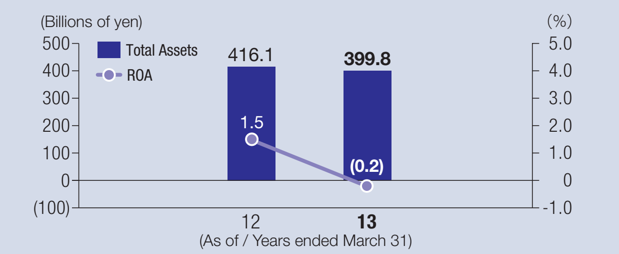
▶ Segment Profit (Loss) Attributable to Owners of the Company



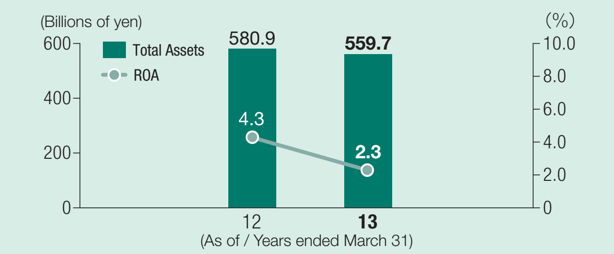
▶ Segment Profit Attributable to Owners of the Company



▶ Total Assets Attributable to Owners of the Company and ROA

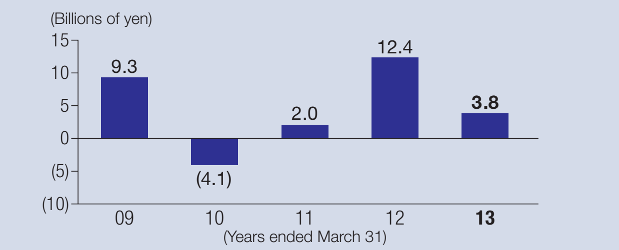


▶ Total Assets Attributable to Owners of the Company and ROA

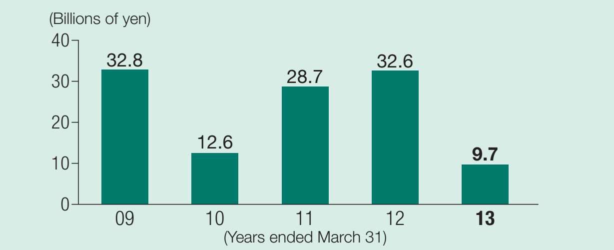


Reference: Japanese GAAP

▶ Ordinary Income (Loss)

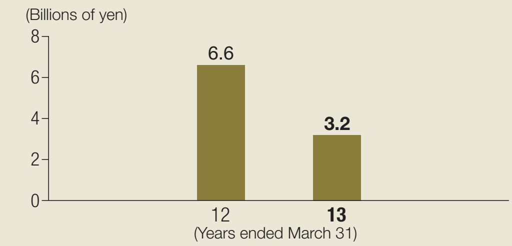


▶ Ordinary Income

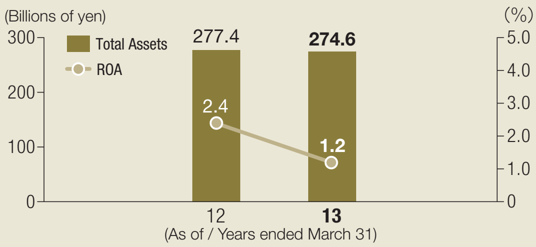


Chemicals Division

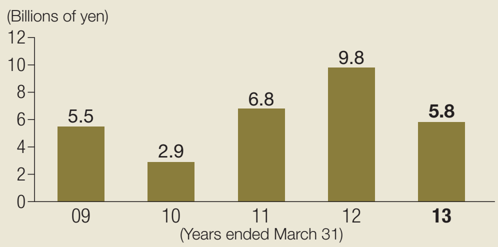
▶ Segment Profit Attributable to Owners of the Company



▶ Total Assets Attributable to Owners of the Company and ROA

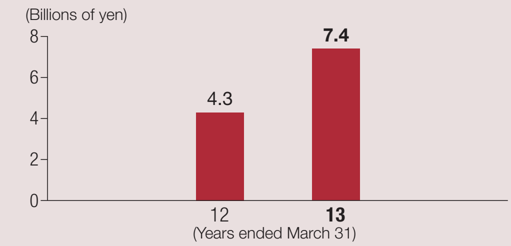


▶ Ordinary Income

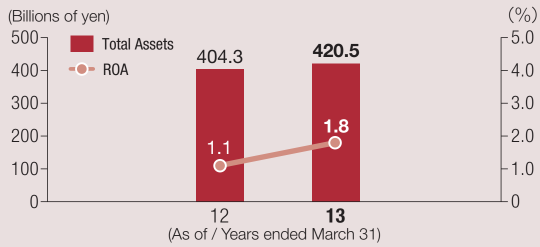


Consumer Lifestyle Business Division

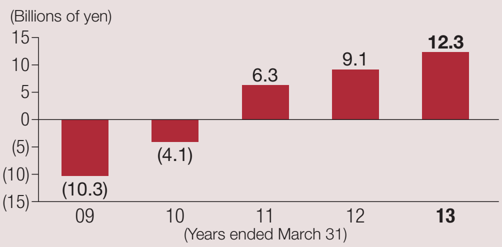
▶ Segment Profit Attributable to Owners of the Company



▶ Total Assets Attributable to Owners of the Company and ROA



▶ Ordinary Income (Loss)



Main Businesses by Segment and Region

	Machinery Division	Energy & Metal Division
Japan	▶ Export of automobiles ▶ Renewable energy ▶ Industrial machinery ▶ Sales and brokerage of ships, ship chartering, sales of ship equipment ▶ Commercial aircraft sales representative ▶ Sales of IT and related equipment; solutions and service; data centers	▶ Logistics and sales of various types of energy (LNG, petroleum products, coal, etc.) ▶ Sales of various types of steel-making materials (iron ore, coal, rare metals, industrial minerals, etc.) ▶ Steel products ▶ Sales of various non-ferrous metals (alumina, copper, etc.)
China	▶ Plants ▶ Industrial machinery, bearings	▶ Sales of coal ▶ Sales of iron ore ▶ Sales of various rare metals ▶ Sales of various types of industrial minerals ▶ Lime production
Asia & Oceania	▶ Automobile assembly, sales and distribution ▶ Plants and IPP ▶ Renewable energy ▶ Transportation infrastructure ▶ Water ▶ Industrial machinery ▶ Business jets	▶ LNG ▶ Trading of petroleum products ▶ Coal mines and coal trading ▶ Development of iron mines and iron ore trading ▶ Rare metals (nickel, cobalt) business and trading ▶ Nonferrous metals (alumina) business and trading
The Americas	▶ Automobile assembly, sales and distribution; automobile dealerships ▶ IPP ▶ Renewable energy ▶ Transportation infrastructure ▶ Industrial machinery ▶ IT infrastructure and service	▶ Oil and gas development ▶ Iron ore trading ▶ Rare metals (molybdenum, niobium) business and trading ▶ Nonferrous metals (copper) business and trading
Europe, Africa Middle East, Russia & NIS	▶ Automobile distribution ▶ Plants and IPP ▶ Renewable energy ▶ Water ▶ Industrial machinery ▶ New building orders, ship chartering	▶ Oil and gas development ▶ LNG ▶ Nuclear fuel enrichment ▶ Rare metals (tungsten, vanadium, ferrochrome) business and trading

Chemicals Division

- Sales and import of rare earths, lithium compounds and industrial salt
- Sales of solvents and thinners
- Plastic resins
- Sales of electronic materials
- Sales of cellulose
- Sales of cosmetics

- Procurement of rare earths
- Sales of organic chemicals
- Resin compounds

- Manufacture and sales of methanol
- Rare earth mines
- Manufacture and sales of marine chemicals (potash, industrial salt)
- Sales of flat-panel display materials
- Sales of plastic resins

- Manufacture and sales of dicyclopentadiene
- Manufacture and sales of Metton® resins
- Sales of butadiene
- Manufacture and sales of packaging materials

- Manufacture and sales of packaging materials
- Sales of solvents
- Sales of industrial films
- Sales of plastic resins

Consumer Lifestyle Business Division

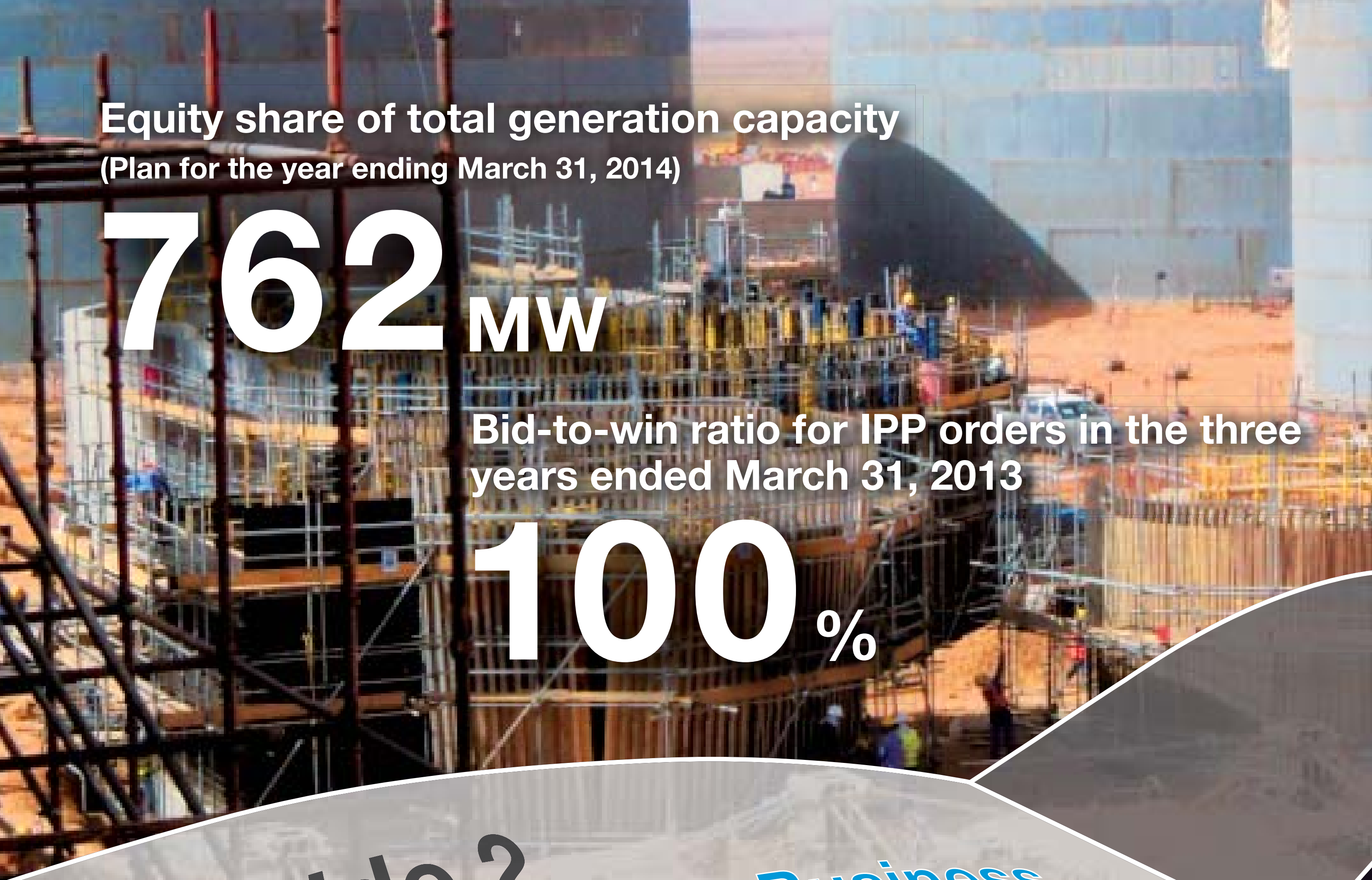
- Sales of various foodstuffs and food materials
- Sales of grain and feed
- Sales of processed seafood
- Fish farming
- Sugar manufacturing
- Confectioneries
- Tobacco
- Import of brand sundries
- Airport retail
- OEM textiles
- Apparel brands
- Import and sales of timber, plywood, etc.

- Foodstuff logistics
- Confectionery ingredient processing
- Seafood processing
- Manufacture and sales of apparel
- Sales of lumber

- Chemical fertilizers
- Wholesaling of foodstuffs
- Flour and port silos
- Feed
- Fish farming
- Woodchips and afforestation
- Industrial park development and operation
- Sales of grain
- Bread production
- Rice bran oil

- Agriculture
- Stock raising
- Sporting goods
- Production of ingredients for bread
- Consolidation and sales of specialized grain

- Food
- Lumber trading
- Woodchips



Equity share of total generation capacity
(Plan for the year ending March 31, 2014)

762 MW

Bid-to-win ratio for IPP orders in the three years ended March 31, 2013

100 %

Stride 2
Expand the IPP Business

2010
Consecutive orders for one IPP project in Saudi Arabia and two in Oman

Importance of a Stable Earnings Foundation

Sojitz has rekindled its IPP business over the past several years.

Three consecutive large-scale project orders in 2010 – Riyadh PP11 in Saudi Arabia and the Barka 3 and Sohar 2 in Oman – got the business going again.

Sojitz was initially strong in the IPP business. Attracted by rising global demand for electricity in the early 1990s, we launched numerous IPP projects. We were the IPP pioneer among Japanese general trading companies. From 1998 onward, however, our focus on creating a stronger asset base led us to divest most of our financial interests in IPP projects and scale back the business.

A decade has passed. During the previous medium-term management plan, Shine 2011, Sojitz concentrated on enhancing the quality of its earnings foundation. With the IPP business generating stable earnings even in the aftermath of a global recession, we realized it was a good fit for our quality earnings foundation. Sojitz and its Machinery Division once again made a priority of expanding the IPP business as a long-term source of stable earnings while securing asset liquidity.

Concentration was the key word that defined Sojitz's strategy for rekindling the IPP business. We limited our regional strategy to five Persian Gulf countries, Southeast Asia and Mexico, based on demand trends, stability and Sojitz's network. We focused our alliance strategy on cooperating with strategic partners with a proven track record in the IPP business and a deep relationship with Sojitz. We also narrowed down the projects we bid on by scrutinizing the risks of each project, including order probability and liquidity, and sales,

2012-2013

IPP project orders in Mongolia

procurement and technology risk.

Thus we fully leveraged the value of our IPP business resources to achieve the consecutive orders mentioned earlier. Once again the IPP business was on the road to expansion and growth.

The Next Level as an IPP Player

Involvement in three large-scale projects changed our reputation in the IPP business significantly. In particular, Sojitz's detailed and steady approach greatly enhanced the trust of our partners, and inquiries from potential partners increased dramatically. At the same time, Sojitz put a great deal of effort into refining its detailed project selection process, improving its capabilities and increasing the number of employees involved. We worked to take matters such as finance, IPP expertise and project organization capabilities to the next level.

These initiatives generated additional successes. In July 2012, we acquired preferential negotiating rights for a coal-fired IPP project in Mongolia. We use the Sojitz network to successfully combine our partners.

Sojitz's IPP group has a 100% bid-to-win ratio over the past three years. The IPP business has steadily become a Sojitz strength.

Looking ahead, we will acquire additional expertise and experience while concentrating on selecting projects with the goal of receiving orders for one or two projects annually. We will also deepen our relationships with our partners and begin considering development projects for which we will serve as the lead developer. Our regional strategy will involve concentrating on the Middle East, which is a stable source of numerous projects; Asia, where we are strong; and Africa, where demand for infrastructure development is high. A key priority will be training our people to enhance their capabilities.

Sojitz is accelerating its IPP business to accumulate prime assets and contribute to a stable earnings foundation.

▶ Sojitz: Equity Share of Total Generation Capacity in the IPP Business

Project	Country	Equity Share of Total Generation Capacity (MW)	Start of Operations
Riyadh PP11	Saudi Arabia	260	2013
Merida-3	Mexico	121	2000
Barka 3	Oman	82	2013
Sohar 2	Oman	82	2013
Shajiao-C	China	59	1996
Phu My 3	Vietnam	49	2004
Trinity	Trinidad & Tobago	41	1999
Asia Power	Sri Lanka	24	2000
Mixdorf	Germany	24	2011
Sawada	Japan	14	2000
Tianshi	China	6	2001

Machinery Division

Summary of the Year Ended March 31, 2013

The year ended March 31, 2013 was the first year of Medium-term Management Plan 2014. Division results were lower than initially planned largely due to rapid changes in the external environment.

Factors included increasing competition with European automotive companies in the Russian automotive market fueled by the deteriorating European economic environment. In the industrial machinery business, a weaker Chinese market and the strong yen affected performance. Market conditions were also intensely challenging in the marine business. However, these changes in the external environment did not begin recently, so we should have enhanced the probability of achieving planned results by estimating a certain amount of risk.

On the other hand, we improved results in business focus areas and other operations through initiatives to create stable sources of earnings, which is a key thrust of Medium-term Management Plan 2014. In the independent power producer (IPP) business, we obtained preferential negotiating rights for a coal-fired IPP project in Mongolia, and four projects in the solar power generation business in Japan proceeded smoothly. We also participated in the water business for the first time, in the Republic of Ghana. This project will supply enough drinking water for approximately 500 thousand people, and is the first investment in a desalinization project by a Japanese company in the Sub-Saharan region. We expect it to begin commercial operation in 2014. Moreover, we improved asset efficiency by accelerating asset sales and compression from the point of view of liquidity and potential.

Strategy

Medium-term Management Plan 2014 targets the establishment of a stable earnings foundation. We are therefore aggressively replacing assets and constructing a new business model. This involves clarifying priority areas in which we will concentrate resources, and we have plotted the course for doing so. Reflecting our assessment of issues during the year ended March 31, 2013, we will concentrate on improving the accuracy of our measures to raise the probability that we will achieve our plan for the year ending March 31, 2014. Our current initiatives should generate results in three to five years as we build our portfolio of stable sources of earnings step by step.

We will expand the core automotive business in steady markets such as Thailand, the Philippines and Puerto Rico. In the growing Russian market, we will increase earnings through differentiation based on product features and functions while strengthening marketing.

We restructured the Infrastructure Project & Industrial Machinery Unit in April 2013. This will help us leverage our advantages in the power, environmental infrastructure and plant businesses to promote efficient and flexible operations. In the IPP business, we have steadily acquired expertise through projects to date. As a result, in July 2012 we acquired preferential negotiating rights for a coal-fired IPP project in Mongolia. We will continue to cooperate with our partners as we concentrate on steadily generating earnings from project orders received and adding new assets to our portfolio. In the renewable energy business, we intend to start up operations at our projects in the solar power generation business in Japan on time. Concurrently,

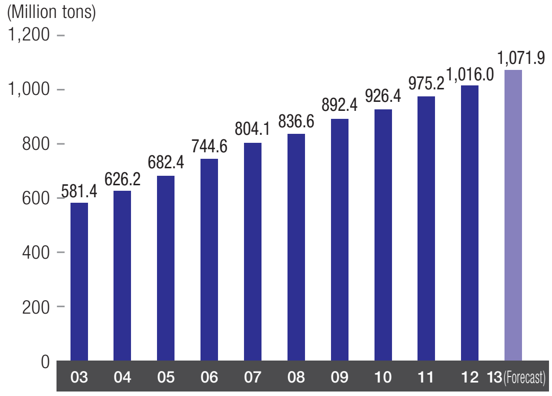
Managing Executive Officer
President, Machinery Division
Toshihiko Kita

we will accelerate new investment in areas including wind power, geothermal power and bioenergy. In the infrastructure improvement business, in June 2013 we received an order for civil and track works as part of a plan to build a dedicated Delhi-Mumbai freight corridor, a key Indo-Japanese economic cooperation project. Our portion of the project is financed with Japanese overseas development assistance loans and is valued at approximately ¥110 billion. Sojitz forecasts that it will generate stable earnings in about four years, based on the progress of the project. In the plant engineering, procurement and construction (EPC) business, we are concentrating our human resources in the ASEAN region, Russia and the NIS, where we have a clear advantage. This will increase the probability and profitability of orders. In the industrial machinery and bearing business, we will capture opportunities as the Chinese market recovers and focus on building business in Asia.

In our traditional marine and aerospace businesses, we intend to enhance profitability over the medium and long term. In the aerospace business, we will complement the solid commercial aircraft business by cooperating with Boeing to develop the cybersecurity business. Challenging conditions continue in the marine business, in which we will invest for future growth. In the IT business, we will transform our management structure to respond accurately to rapidly changing conditions in the information and communications technology market while promoting selection and concentration that will include focusing on the total solutions market.

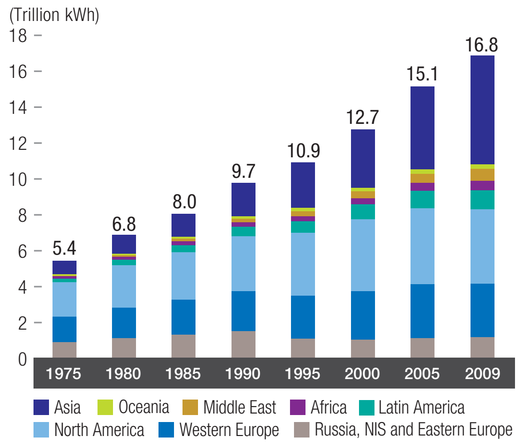
Social issues are growing in scale and intensity worldwide, which is creating opportunities for general trading companies. The supply of drinking water in Africa and the operation of efficient and environmentally friendly power plants typify how Sojitz can demonstrate its worth and increase earnings over the medium and long term by delivering what particular countries really need. We will achieve medium-to-long-term growth by taking the initiative in pioneering solutions to problems with an organization that enables each employee to connect with the value and delight we deliver.

Rail Transport Volume in India



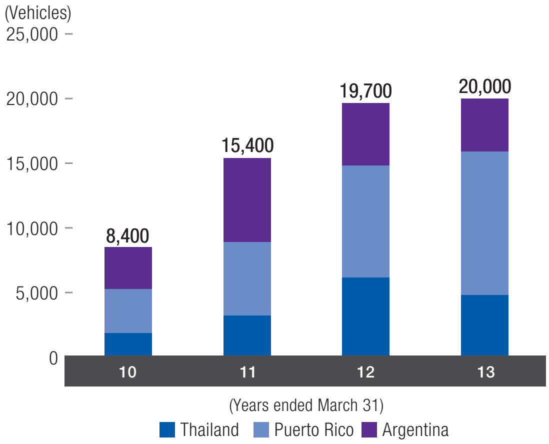
Source: Ministry of Railways, Government of India

Global Electric Power Demand



Source: IEA, Energy Balance 2011

Sojitz's Hyundai Automobile Sales Volume
(Thailand, Puerto Rico and Argentina)



Automotive Unit

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

Automotive Business

Sojitz is expanding its automotive business in fast-growing emerging countries where continued growth in automobile demand is expected, such as the ASEAN countries, Russia, the NIS and Latin America. We are taking on new challenges by handling additional brands from emerging overseas manufacturers in our operating companies, which drive the automotive unit's revenues.

Headquarters of Mitsubishi Motors Philippines Corporation

Headquarters of Hyundai de Puerto Rico

Sales are strong in the markets we cover, driven by worldwide expansion in automobile sales. Sojitz is solidifying its presence in various growing markets and is continuing to steadily move forward with new developments. For example, our automobile manufacturing and sales company in the Philippines is working to expand business in its fiftieth year of operation, and our importer and wholesale distributor in Puerto Rico received the Hyundai Motor Company's Global Best Distributor Award.

On the other hand, the operating environment remains unpredictable due to factors including effects of European financial problems. In these conditions, Sojitz will further deepen and increase the sophistication of its risk exposure management to ensure steady earnings and establish an optimal business portfolio. To ensure sustainable growth, we will also continue personnel development to foster managers for our key operating companies overseas.

Marine & Aerospace Unit

- Commercial aircraft sales representative for The Boeing Company, Bombardier Inc., etc.; defense and related 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 commercial aircraft sales. We are also concentrating on sales of the most advanced defense equipment as the sales representative in Japan for major U.S. and European manufacturers in the defense industry. In the business jet business, we offer flight operation services and conduct charter flight sales worldwide through our associate, Aviation Concepts.

Boeing 787 Dreamliner

In the year ended March 31, 2013, we delivered a total of 40 commercial aircraft to major Japanese airlines. We plan to further grow sales in the agency business and reinforce our presence in growth areas such as business jets and aircraft parts.

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.

Western Tokyo, a Sojitz-owned ship completed in June 2012 (a 58,000-ton bulk carrier)

In the year ended March 31, 2013, we sold three ships and completed newbuilding of one ship, and will continue to maintain our fleet through further asset replacement. We will broaden our scope in the marine and ship charter brokerage businesses, and in the equipment sales business we will strengthen sales of related equipment with a focus on "environmental" and "eco" materials through initiatives such as investing in a ballast water treatment system manufacturer.

Infrastructure Project & Industrial Machinery Unit

- Plants (steel, fertilizer, chemical, energy) and infrastructure (power, transportation, water and renewable energy)
- Industrial machinery and production systems (surface mounters, bearings, equipment related to the environment and new energy, etc.)

Power & Environmental Infrastructure Business

Barka 3 in Oman

Various challenges to creating a sustainable society, including the assurance of stable energy supplies, have been brought to the fore amid accelerating growth and concentration of population in urban centers and rising standards of living, primarily in emerging countries. The Power & Environmental Infrastructure Department was established as part of the reorganization of the Machinery Division in April 2013, with the aim of facilitating an integrated and efficient approach among businesses involved in upgrading and operating infrastructure such as power, water and transportation amid growing needs for infrastructure improvements to support economic growth balanced with reduced environmental impact.

In the power business, Sojitz is actively engaged in the development and operation of thermal power plants overseas. Three large-scale projects for which we received orders in recent years in Saudi Arabia and Oman have all successfully commenced commercial operation. Sojitz will further seek new environmentally friendly IPP/IWPP (independent power producer/independent water and power producer) projects in Asia and the Middle East, primarily gas-fired power plants and high-efficiency coal-fired power plants.

Addressing the accelerating use of renewable energy, we are developing solar, wind, biomass and other projects in Japan and countries around the world by utilizing the expertise we have cultivated from investing and operating megasolar businesses in Germany. In the water business, we are participating in a water desalination project in Ghana to respond to a global increase in demand for water.

In the transportation business, we are forming strong partnerships with strategic partners in Japan and overseas to develop transportation infrastructure and rail freight business that promotes a cleaner mode of transportation in concert with the Japanese government's package infrastructure export strategy.

Plant Project Business

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

Hot rolling facility

In the year ended March 31, 2013, we received orders for a petrochemical plant in Russia and an engineering, procurement and construction (EPC) contract for a large-scale power plant project in Vietnam. We also steadily carried out construction of fertilizer plants in Russia and Turkmenistan and steel plants for Tata Steel in India and Wuhan Iron and Steel (Group) Corporation in China.

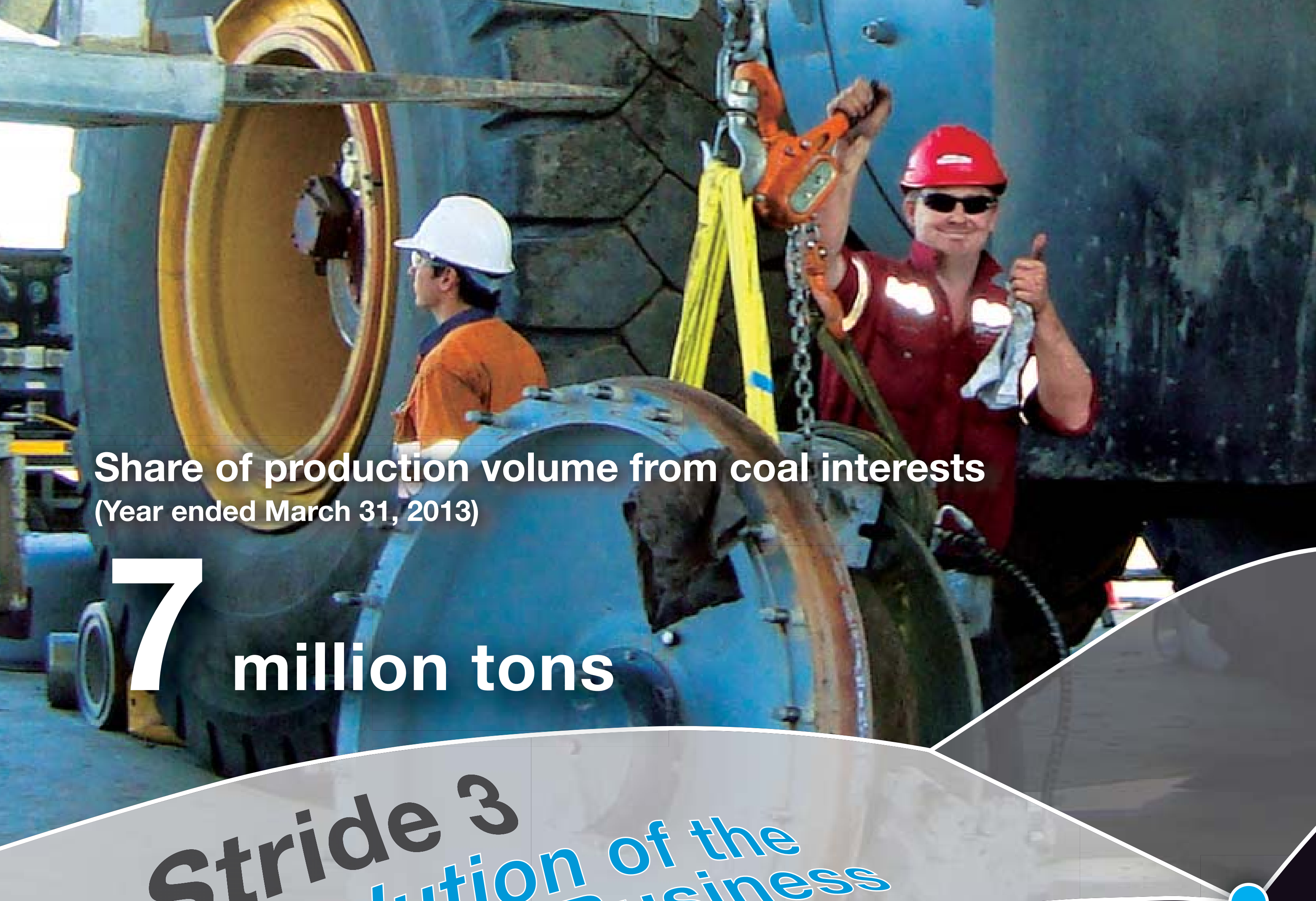
We will establish a framework to secure stable earnings over the medium to long term by steadily concluding contracts for promising projects in our principal focus markets in parallel with the creation of a new business model through the expansion of existing businesses in related fields.

Industrial Machinery and Bearing Business

In the industrial machinery and bearing business, Sojitz is pursuing expansion in growth markets based on its networks of product sales dealers in the bearing business and its bearing parts supply chains. We will also focus on accelerating global expansion of semiconductor and mounting businesses primarily through our overseas sales and service bases, and on strengthening our initiatives in the industrial machinery market.

IT Business Department

Amid major changes in information and communications technology stemming from the spread of cloud computing and the application of Big Data, we are providing comprehensive IT solutions tailored to client needs by supplying the most advanced technologies, building large-scale infrastructure and operating next-generation data centers with Nissho Electronics Corporation, SAKURA Internet, Inc. and Sojitz Systems Corporation.



Share of production volume from coal interests
(Year ended March 31, 2013)

7 million tons

Stride 3
Evolution of the Coal Business

2010

Participated in coal mine management and operation

Expanding Earnings as the First Japanese Trading Company with Overseas Coal Mine Operating Expertise

Coal has been an earnings driver for Sojitz for more than 60 years. We have continued to steadily acquire coal interests and continue to hold a leading position in Japan. Similar to other trading companies, our coal business was formerly structured around partnerships with suppliers and minority stakes in coal interests, and our primary role was marketing.

However, we saw the limitations of this model over the medium and long term. We projected that opportunities for acquiring interests would decrease in the future because an oligopoly of major suppliers was forming and competition for acquiring interests was intensifying.

Given these conditions, in December 2010 Sojitz became the first general trading company to participate in coal mine management. We increased our stake in the Minerva Coal Mine in Australia to 96% from 45%. In the future, we will need to participate from the exploratory stage or increase our operating expertise to acquire prime interests at reasonable prices, and acquiring skills in operating coal mines through the Minerva project will help us to do so. Our majority investment in the Minerva Coal Mine also increased our share of production volume to 2.7 million tons from 1.3 million tons. A key point is that the Minerva investment is an example of effective asset reallocation after the August 2009 sale of our interest in an Australian coal mining company. Our share of production volume from coal interests remained essentially the same, but the value of the expertise and networks we have gained through direct involvement in production and sales is significant.

• **Share of production volume from coal interests in Indonesia**
• **Russian coal import volume into Japan**

No. 1 among Japanese trading companies

2012

Strengthened overall profitability of the coal business

Sojitz thus began managing a coal mine. Heavy flooding in Australia during 2011, the initial year, forced a halt in shipments for two months. However, efficient transport arrangements and increased operating efficiency supported production volume of 2.85 million tons, which exceeded our initial plan. We got off to a good start as a mine operator.

Sustained Evolution Required

The expertise that Sojitz has acquired through the operation of the Minerva Coal Mine is making a major contribution to our coal business as a whole. It has certainly enhanced our information capabilities in acquiring new interests, and the Minerva Coal Mine president, mine manager and technologists are now able to advise Sojitz on the operation of other mines. For example, Minerva's people visited a coal mine in Indonesia in which Sojitz has invested and proposed measures that led to improvements of operational issues. We are also working to raise earnings at other mines by applying the 20-point cost reduction program we developed at the Minerva Coal Mine to offset falling coal prices during the year ended March 31, 2013.

Sojitz's coal business has become stronger, and has additional innovations in the pipeline.

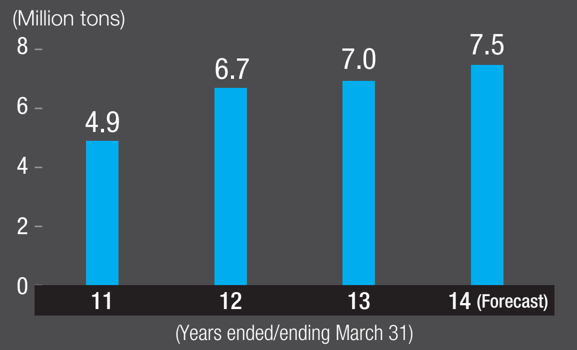
In June 2012, we decided to invest in a resource company that handled Mongolian coal in China's Inner Mongolia region. The aim of this investment is to expand sales channels in China and acquire Mongolian coal interest in the future. We are also studying a specific new investment in Indonesia, where development potential is considerable. Sojitz's coal business is targeting a 10 million ton share of production volume. In addition to Indonesian coal, for which Sojitz ranks No. 1 in Japanese trading companies in share of production volume, we intend to expand sources of supply, primarily in Russia and Mongolia.

We are also considering the development of midstream businesses such as infrastructure and logistics, which are positioned between upstream coal mines and downstream marketing. Our goal is to create a new business model by adding value and expanding our service lineup through midstream businesses that are uniquely suitable for a general trading company.

Short term, coal prices are down. However, we forecast strong growth in demand for coal with its increasing importance over the medium to long term as a form of energy vital to the economic development of emerging countries, backed by its cost competitiveness and abundance, and the rising efficiency of coal-fired power generation.

The coal business will continue to advance with the mission of sustaining its evolution as a crucial Sojitz business.

▶Sojitz: Share of Coal Production Volume



Energy & Metal Division

Summary of the Year Ended March 31, 2013

Under Medium-term Management Plan 2014, we are improving asset efficiency and strengthening the earnings foundation with a focus on both investment and the trading business. However, earnings of the division decreased substantially in the plan's initial year ended March 31, 2013 because demand in emerging countries in Asia, primarily China, weakened and prices of coal and mineral resources decreased precipitously due to the protracted financial problems in Europe and slower growth in China. Moreover, our share of production volume decreased due to delays in commencing or restarting production at certain upstream oil and gas interests. These conditions underscored the urgency and importance of enhancing the cost competitiveness of our interests. Accordingly, from summer 2012 we implemented thorough initiatives to reduce costs. We reviewed costs in all of our businesses, including material costs, maintenance expenses and outsourcing expenses, while strengthening management to improve our cost structure and support future growth.

We have been investing very selectively because of changing market conditions, which caused minor delays in our plans. However, in the business focus area of coal we decided to invest in a Chinese company with coal operations in the Inner Mongolia region of China. In asset replacement, asset compression was basically on plan as we sold our shares in Sojitz Energy Corporation and divested a number of interests and assets.

The effects of establishing a Controller Office were a meaningful highlight of the past fiscal year. This office fulfilled the role for which it was established: managing front-line risk for both investment and trading. We were therefore able to build a responsive risk management organization because the Controller Office provides risk analysis along with timely asset value assessments.

Strategy

In the year ending March 31, 2104, we expect the prices of certain resources to recover moderately, but current conditions do not warrant optimism. We therefore forecast that our markets will be essentially the same as in the year ended March 31, 2013. Given this environment, from the year ending March 31, 2014 we will take further cost reduction measures to steadily secure earnings from existing interests while investing in interests that will support growth over the medium and long term. This will involve a strategically important issue: Given significant changes in the energy and mineral resource sectors, we need to review the initial plans for our product portfolio and business model in order to take a flexible, business-by-business approach to investments and loans, production and sales.

Coal is a business focus area. We have acquired expertise in operating mines since becoming involved in coal mine management in 2010 at the Minerva Coal Mine in Australia, and we are able to apply the successful cost reduction initiatives at this project to other mines. Market conditions remain challenging, but demand for energy is rising, primarily in emerging countries in

Managing Executive Officer
President, Energy & Metal Division
Masahiro Komiyama

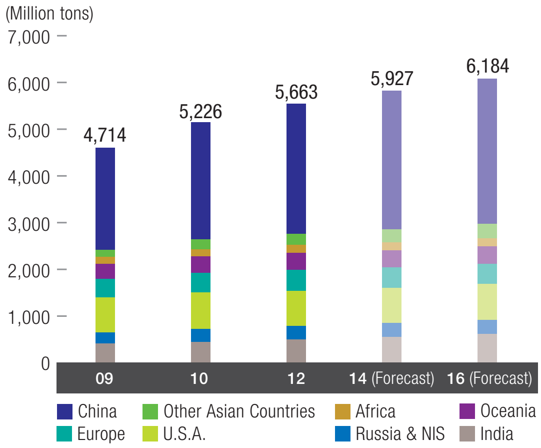
Asia. We will therefore add prime concession assets to our portfolio that address growing energy needs while strategically expanding supply sources and markets. Iron ore mine development in Australia is another business focus area. Economic conditions in China significantly affect demand trends, so we will steadily proceed with development based on a careful examination of market conditions and competitiveness. In addition to these business focus areas, we will also step up initiatives to meet market needs in the LNG business considering factors such as shale gas development in North America and Japan's changing energy profile.

In existing businesses, we will continue to enhance our cost competitiveness while working to maintain stable operations at and maximize earnings from our molybdenum and copper mines in Canada and our alumina refinery in Australia, where expansion projects have been completed. In addition, we play a significant role in the niobium value chain through investment in the Brazilian company that is the world's largest producer of this rare metal. We will steadily contribute to earnings by meeting demand for niobium, which is expected to increase.

Resource prices have declined over the short term. However, as needs for energy and mineral resources steadily increase due to the economic growth of emerging countries, we will continue to secure new resource interests in order to fulfill our mission of providing stable supply.

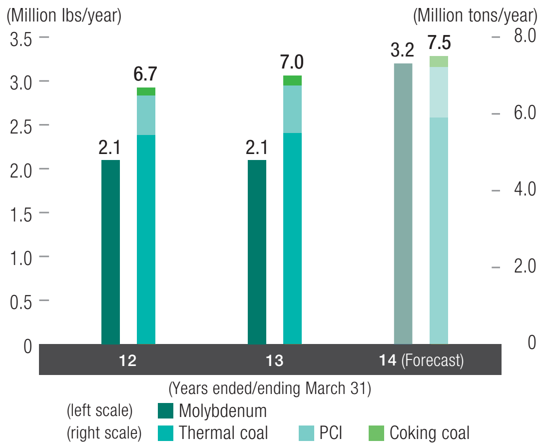
We believe that our business contributes significantly to society. It also gives our employees knowledge and experience in a broad continuum of businesses from upstream to downstream. We play a meaningful role in resource flows that enable global growth, so I would like to create an environment that allows self-fulfillment and personal growth.

Global Coal Demand

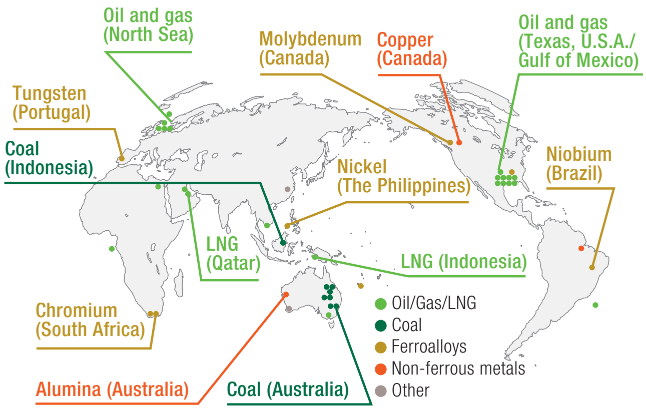


Source: IEA

Sojitz: Share of Molybdenum and Coal Production Volume



Sojitz: Major Global Interests



Energy Unit

- Oil, natural gas, LNG, light oil, heavy oil and jet fuel

Oil and Natural Gas Business

In upstream areas of the oil and natural gas business, Sojitz is leveraging its networks to build a portfolio of prime interests with diversified investments in regions including the British North Sea, the U.S. Gulf of Mexico, Qatar, Gabon, Egypt and Brazil. In addition to these existing interests, we will leverage our knowledge and functions as an operator to use in unconventional shale oil and tight oil development projects in the United States for which we have examined the reserves and development risks. In our trading operations, we will enhance our capabilities to provide stable supplies of petroleum products to Asia, where energy demand is expanding.


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

LNG Business

We are stepping up efforts to strengthen our LNG business so that we can contribute to stable supplies to meet rising demand in Japan and other countries in Asia. In upstream areas, we are participating in competitive, large-scale LNG projects in Asia and the Middle East through LNG Japan Corporation, in which we have a 50% stake. We will consider the possibility of LNG exports from Africa and other regions that are cost-competitive due to low gas acquisition costs, and from North America, where development of shale gas is progressing. We will also work to strengthen our trading functions by diversifying supply sources.


Tangguh LNG terminal in Indonesia

Coal & Nuclear Unit

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

Coal Business

In its coal business, Sojitz conducts sales to steel mills, electric power companies and general industries in Japan and other countries. In addition, we acquire overseas mining interests. The leading importer of coal from Russia and Indonesia, Sojitz is working to expand sales volume into Japan from these countries as well as from Australia. We are also focusing on sales to emerging countries in Asia. Targeting China in particular for sales growth, in 2012 we decided to invest in a Chinese company that is developing a coal business in Mongolia. A pioneer in acquiring overseas interests, Sojitz was the first Japanese trading company to invest in a coal mining company in Indonesia in the 1980s, and is currently expanding its coal interests primarily in Australia and Indonesia. In Australia, we also have capabilities in mine operation through our independent operation of the Minerva Coal Mine, in which we hold a 96% interest. In addition to increasing revenue from mining interests, we will use our operational expertise to create opportunities for future development of quality coal mines.


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 company. This allows us to provide a full range of services in the nuclear fuel cycle to Japanese electric power companies. 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 business in nuclear energy and related industries in Japan and overseas.

Steel & Mineral Resources Unit

- Iron ore, iron ore pellets, hot briquetted iron
- Rare metals (molybdenum, niobium, nickel, vanadium, tungsten, etc.)
- Industrial minerals (fluorite, zircon, etc.) and refractory products
- Steel products
- Non-ferrous metals (alumina, copper concentrates, copper, etc.)
- Precious metals (gold, silver, platinum, palladium, etc.)

Ferrous Materials & Steel Products Business

Niobium mine of Companhia Brasileira de Metalurgia e Mineração in Brazil

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

Sojitz has built strong relationships with Japanese steel mills, especially through the import of iron ore. We are a leader in bringing iron ore from Brazil to Japan. Going forward, we will expand sales of iron ore not only to Japan, but also to customers in China and other countries where demand is increasing. In our mining investments, a feasibility study has been completed for an iron ore mine development project in Western Australia in which we have participated since 2007, and the decision to invest is now in the final phase.

Our auxiliary materials business encompasses mainly rare metals and industrial minerals. We led the industry in making investments in rare metal mining interests in the 1990s, and now have interests in niobium, nickel and molybdenum in diverse locations including Brazil, the Philippines and Canada. We also play a key role in the value chain by handling a large share of trade in these metals. We will continue working to strengthen the cost competitiveness of our mining interests and add competitive new interests to our portfolio.

In our industrial minerals business, we supply fluorite and dolomite for steelmaking as well as a wide range of auxiliary materials used to make refractory products, and maintain a large share of the Japanese market in each of these product categories. Moreover, we are the first Japanese trading company to participate in a lime production business in China. Through this business, we aim to expand sales of limestone, demand for which is expected to grow in China. This investment will also serve as a foothold for expansion of intraregional trade in Asia.

Coil Center of Metal One Corporation in Mexico

In the steel products business, Sojitz will expand its domestic and overseas customer base and sales network for steel products through Japan's largest integrated steel trading company Metal One Corporation, a joint venture in which Sojitz has a 40% stake. At the same time, we will continue to build a global value chain by further expanding trading of steel products through stronger collaboration and alliances with other Sojitz businesses such as energy-related and overseas business.

Non-Ferrous & Precious Metals Business

Sojitz's non-ferrous & precious metals business conducts trading of alumina, copper, zinc and other non-ferrous metals as well as precious metals such as gold, silver, platinum and palladium. We also have upstream investments in bauxite, alumina and copper interests. In Australia, we have a 9% interest in Worsley Alumina Refinery in Western Australia, a joint venture with BHP Billiton, the world's largest resource firm. Sojitz, together with two Japanese copper refiners, also has a 25% interest in the Gibraltar Copper-Molybdenum Mine in Canada. An expansion project has been completed, and annual production capacity is scheduled to increase to 80,000 tons in the year ending March 31, 2014. In addition, Sojitz currently has copper exploration projects under way in Chile and other countries, and is focusing on efforts to secure mining interests in the future.

Gibraltar Copper-Molybdenum Mine in Canada

Annual industrial salt supply volume
(Year ended March 31, 2013; Sojitz Group total)

2.2 million tons

Supply volume of sulphate of potash fertilizer
(Plan for the year ending March 31, 2015; Marine Chemicals Business in India)

400 thousand tons

Stride 4 The Marine Chemicals Business

2013

Production of industrial salt and sulphate of potash fertilizer begins (first phase)

New Business in an Area of Strength

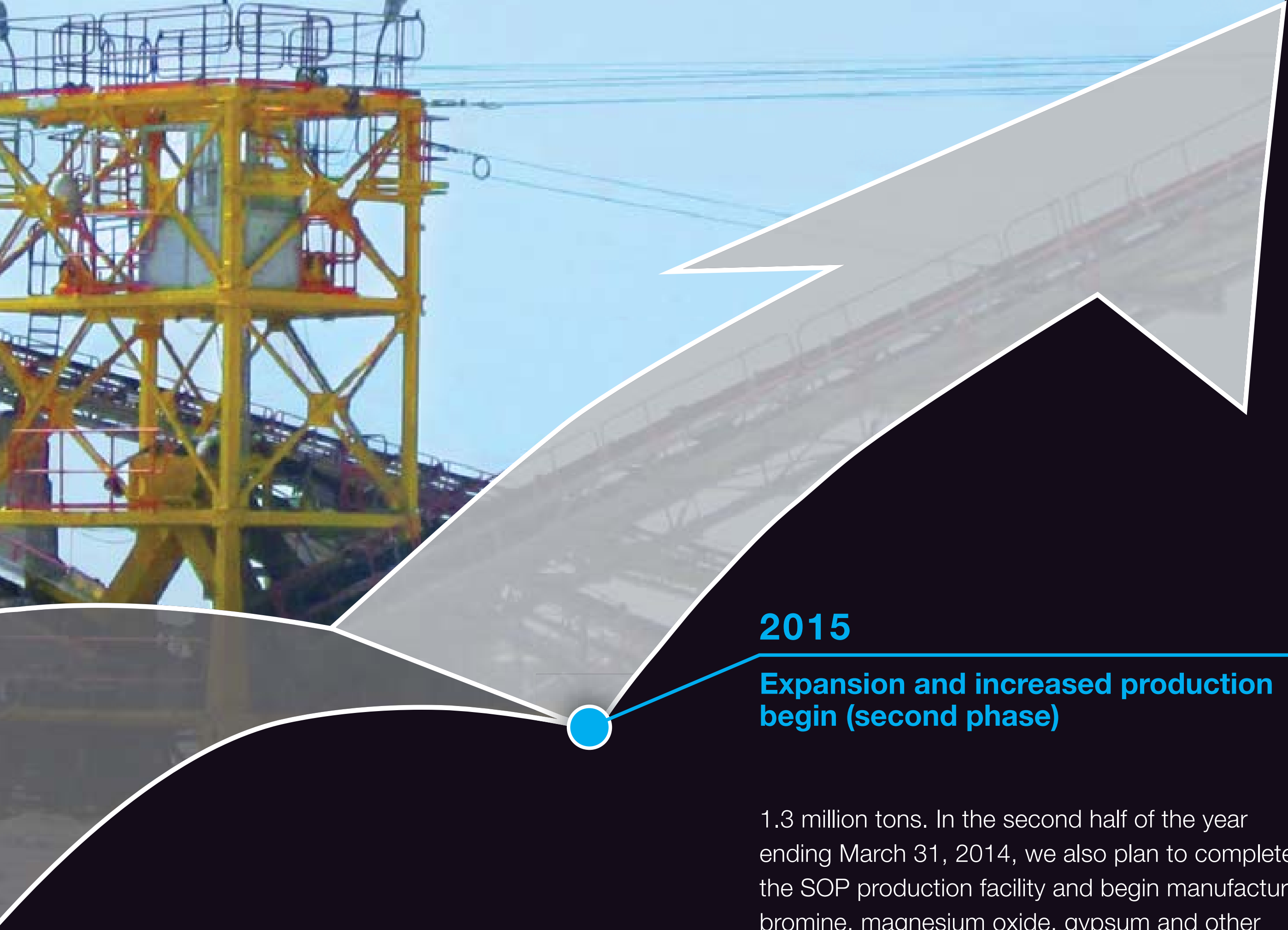
Marine chemicals may sound unfamiliar, but this new business is an extension of one of Sojitz's areas of strength: industrial salt. In February 2011, Sojitz cooperated with its Indian partner of many years, Archean Group, to establish and begin operating an industrial salt manufacturing company.

This project uses the subsoil natural brine water deposits in the Rann of Kutch in the Indian state of Gujarat as the raw material to produce solar evaporated salt, or crystalline industrial salt. At the same time, the project produces sulphate of potash (SOP) fertilizer, bromine and other products by concentrating and crystallizing the bittern this process produces. The industrial salt and SOP manufacturing businesses are both meaningful for Sojitz.

The market for industrial salt has continued to expand in tandem with growth in demand for products such as caustic soda and chlorine. Asia is the main import market, with trading volume totaling 22 million tons annually. Sojitz is a major player in the Japanese industrial salt market with annual sales of 2.2 million tons sourced in India and Australia. We have been concentrating on expanding supply sources for industrial salt to build an even more stable earnings foundation.

The SOP market is expected to expand backed by increasing global demand for food, and supply and demand are likely to tighten over the medium term. Prior to this project, India relied completely on imported potash fertilizer and was seeking a stable, domestically manufactured supply.

The abundant subsoil natural brine water deposits provide a free raw material that we use to



2015

Expansion and increased production begin (second phase)

make several products, therefore the business is highly profitable. The project was also an attractive investment in an area of strength because the Chemicals Division has an extensive portfolio of distribution businesses. At the meeting of the Finance & Investment Deliberation Council that decided on the loans and investments for this project, then Council Chair and Vice President (currently President & CEO) Yoji Sato ordered feasibility studies and additional tactical details before declaring, “This project will sustain Sojitz’s industrial salt business in the future. I want it to succeed by all means.”

Targeting the Industry’s Largest Supply and Marketing Organization

In April 2012, construction of the industrial salt plant began beside an enormous 40-hectare marsh. Sojitz is the only company to undertake such a large-scale marine chemical operation. We concentrated on recruiting, educating and training employees for the manufacturing company, and while issues such as approval periods caused slight delays, commercial production and shipments of industrial salt began in April 2013. At first, we were concerned about finding buyers in the ASEAN region and East Asia, but sales got off to a good start and are proceeding as planned. In the year ending March 31, 2014, we forecast sales of 1.3 million tons. In the second half of the year ending March 31, 2014, we also plan to complete the SOP production facility and begin manufacturing bromine, magnesium oxide, gypsum and other products.

We plan to increase production in the future. By the year ending March 31, 2016, we expect to have built the organization for supplying 3 million tons of industrial salt and 400 thousand tons of SOP annually. This will dramatically increase our presence in the industrial salt market because our overall supply capacity will increase to 5 million tons. Industrial salt will drive the value chain and create new business opportunities. This is very meaningful for Sojitz, which is constantly working to strengthen its value chains.

The marine chemicals business exemplifies Sojitz’s initiatives because it is an area of expertise that strengthens the earnings foundation. Sojitz’s Chemicals Division is also strong in a number of areas besides industrial salt, including methanol, lithium and rare earths. Sojitz is accelerating its initiatives to strengthen value chains to further enhance its predominance in these fields.

The marine chemical project salt ponds and plant

Chemicals Division

Summary of the Year Ended March 31, 2013

Medium-term Management Plan 2014 targets the establishment of a powerful earnings foundation by further strengthening areas where Sojitz has an advantage, including investment in upstream businesses.

Earnings declined for the year ended March 31, 2013. Trading volume decreased as a result of influences including changes in the economic environment of Europe and China. Key factors were lower demand from Japanese companies including home appliance and automobile manufacturers, and weak demand for rare earths. In the methanol business, however, higher plant utilization rates and stable market prices supported solid results.

Our operating environment remained challenging, but we were able to steadily execute the strategies of Medium-term Management Plan 2014. In Mexico, we invested in one of the world's largest barite mines. Barite is used in shale gas and oil extraction. We also made additional investments to increase the production capacity of our marine chemicals business in India, which we initiated in 2011. In existing projects for which we have made investments and loans, our butadiene business partner in Brazil completed a plant expansion, and we made steady progress in preparing for full-scale operation of the rare earths refining business by Lynas Corporation of Australia. We also raised asset quality by reviewing assets and proceeding with replacement, including withdrawing from businesses with low growth potential or profitability.

Strategy

With the external environment changing dramatically, the Chemicals Division is responsible for continuing to generate stable earnings for the Sojitz Group. We must therefore change ahead of markets and customers so that our earnings continue to evolve. We will not be complacent in existing businesses. Rather, we will generate steady growth by accelerating globalization and continuing to strengthen our value chain.

In the year ending March 31, 2014, we will successively launch and begin full-scale operations at upstream projects in which we have made business investments. First and foremost, we need to move these projects forward according to plan and steadily monetize them. In the marine chemicals business, we initiated commercial production of industrial salt in April 2013 and plan on sales of 1.3 million tons during the year ending March 31, 2014. In the butadiene business, we have begun sales in North America and elsewhere and will continue to acquire buyers. We began shipments of rare earths from Lynas Corporation in February 2013 and plan to ship approximately 3,000 tons during the year ending March 31, 2014. In the Mexican barite business, we plan to begin sales to North American shale gas drillers and other users during the year ending March 31, 2014. Our sales strategy will leverage geographical advantages through efficient production and creative logistics.

At the same time, we will further enhance areas in which we excel by continuing to concentrate

Managing Executive Officer
President, Chemicals Division
Satoshi Mizui



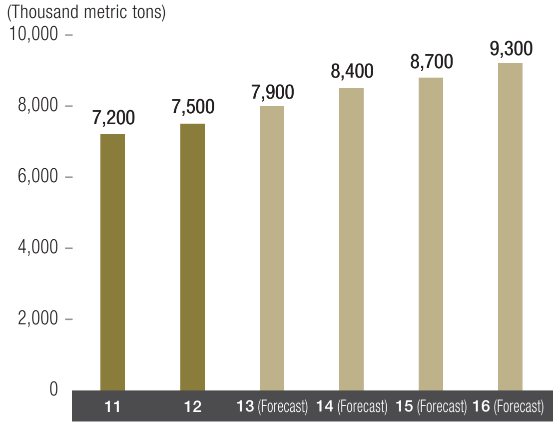
investment and loans in upstream areas. The business focus area of methanol is representative. We intend to build a supply organization that handles 2 million tons of methanol, twice our current volume, by making business investments in Asia, Oceania and Africa, where we can obtain competitive natural gas.

Our regional strategy involves planning new approaches to entering overseas markets given that emerging markets are changing constantly. Specifically, we have positioned Mexico, the Philippines and Turkey as priority markets because of their emergence as manufacturing centers for products such as automotive components and office automation equipment. We will focus on developing processing businesses such as plastic resins to serve these markets and strengthen our value chain.

New businesses will create future opportunities. We will concentrate on high-potential businesses associated with overseas medical markets. The Life Science Business Development Office, established during the year ended March 31, 2012, conducted specific studies during its first year and is positioned to shift to business investment.

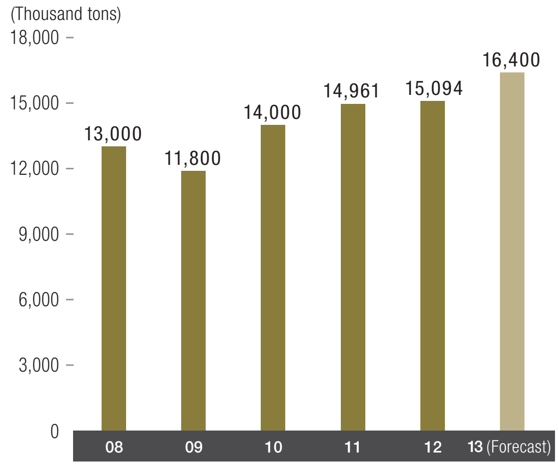
The Chemicals Division handles an enormous number of products, and supports the development of suppliers and customers in emerging countries and elsewhere by building global value chains. Cultivating our people will be crucial to increasing our value and continuing to develop. We intend to constantly develop people with a global perspective who can succeed internationally. Initiatives during the year ended March 31, 2013 included stepping up assignment and posting of head office staff to overseas companies and enhancing the capabilities of local personnel overseas so that approximately one-third of our career-track employees are engaged in overseas businesses. We will continue to boldly shift personnel overseas while concentrating on training younger employees and local personnel outside of Japan.

Global Barite Demand



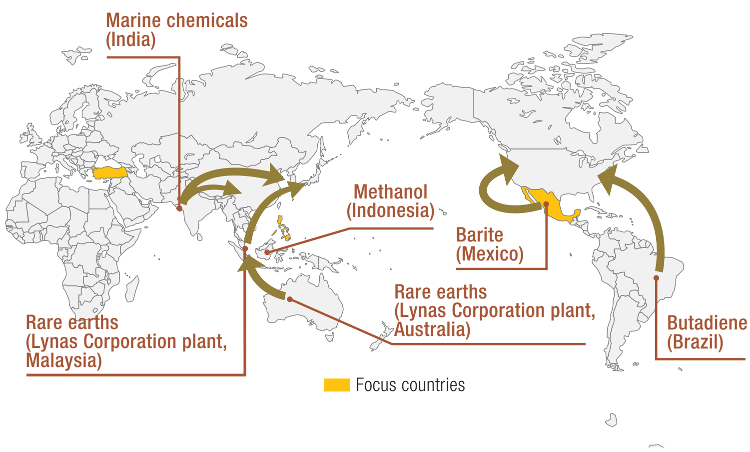
Source: Merchant Research & Consulting Ltd.

Synthetic Rubber Demand



Source: Tokyo Commodity Exchange

Sojitz: Business Focus Areas and Product Flow



Chemicals Unit

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

Methanol Business

Methanol manufacturing facilities of PT. Kaltim Methanol Industri

Methanol has various applications in a wide range of fields. It is used as a chemical raw material for products such as adhesives, synthetic fibers and high-performance plastics, and is also used to produce the fuels methylethyl, a substitute for LPG, and biodiesel. Fuel applications are expanding rapidly, especially in China, where demand for gasoline additives is increasing. In addition, the development of a process for producing olefins, which are a basic chemical feedstock, from methanol is driving growth in demand.

Sojitz has an 85% share 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. KMI has a solid reputation among customers for its ability to make deliveries in a short time, its proximity to growing Asian markets, and its flexible lot sizes. Sojitz is enhancing its presence in the Asian market with a combination of products from KMI and external sources, and is also using its methanol sales and distribution capabilities to expand sales of other liquid chemicals.

Sojitz plans to launch a second methanol manufacturer on the scale of KMI in a region where it can secure competitive raw materials to meet demand in future growth markets.

Ecological Materials & Resources Unit

- Rare earths, lithium compounds, 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 industries, from hybrid cars to LCD televisions. However, the world relies heavily on China for more than 90% of global supplies. Sojitz has over 40 years of experience importing rare earths from China, and in 2013 began imports from Lynas Corporation Limited, an Australian company in which Sojitz invested in 2011. With these sources, we are aiming to handle more than 50% of rare earth imports into Japan. We are also investing in a company in the rare earths recycling business, which in addition to stable procurement from China and other countries will enable us to contribute to the development of the rare earths industry.

Lynas Corporation's rare earths concentration plant in Australia

Rare earths refining at Lynas Corporation's Malaysia plant

Barite Business

Sojitz has invested in a barite mine in Mexico, and will begin supplying barite for oil and gas drilling fluids in the year ending March 31, 2014. The shale gas revolution has spurred interest in and is expected to expand demand for barite, which is used as a weighting agent during the oil and gas drilling process.

Through our barite business, we are maneuvering to expand into related raw materials that are also used as oil and gas drilling chemicals. In particular, we will respond to the recent increase in concern about environmental and safety issues by focusing on development of environmentally friendly materials.

Barite mine in Mexico in which Sojitz has invested

Life Science Business Development Office

- Green chemicals and monomers: Green chemical (plant-derived) and green polymer businesses
- Agroscience: Agrochemicals (raw materials, intermediates and finished products) and agriculture-related business
- Medical and health care: Hospital support business and peripheral businesses (pharmaceuticals, etc.); planning, development and sales of cosmetics (through Sojitz Cosmetics Corporation)

Industrial Salt Business

First shipment of industrial salt produced by ACIPL

Caustic soda and chlorine, both produced from industrial salt, have an array of applications as they are basic raw materials essential to many industries. 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. Our main markets for industrial salts supplies are for 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.

Sojitz handles industrial salt (solar evaporated salt) produced in India and Australia, and has a leading share among trading companies in Japan. Annual production of solar evaporated salt fluctuates with the weather, but we have been able to disperse the climate risk and have ensured stable supply through procuring from multiple sources.

In addition, Sojitz established Archean Chemical Industries Pvt. Ltd. (ACIPL) as a joint venture with the Archean Group, a leading Indian industrial conglomerate, to develop new solar evaporation ponds in India. The first shipment of industrial salt produced by ACIPL was made in April 2013. Our participation in this joint venture will allow us to double the volume of industrial salt we handle, and meet our supply obligations in markets of potential growth by applying our expertise.

Life Science Business

Sojitz is creating businesses through investments in the life science field, primarily in the areas of green chemicals and monomers, agroscience, and medical and health care, which we have positioned as our business focus areas.

Green Chemicals and Monomers

Bio-succinic acid plant of Myriant Corporation

Interest is growing in chemicals from renewable resources with little environmental impact as global warming and population growth continue to deplete fossil resources. We aim to create a new green society, and have become the exclusive distribution partner in East Asia for Myriant Corporation, a U.S. manufacturer of plant-based bio-succinic acid. Sales began in 2013.

We are targeting further business expansion to help create a green society by supplying and broadening the use of environmentally friendly finished products such as biodegradable plastics, which are produced from green chemicals.

Agroscience

Responding to needs to increase food production, Sojitz is expanding agriculture-related businesses in Asia, where populations are growing rapidly. We are focusing on the provision of agrochemicals and other agricultural materials.

Medical and Health Care

To meet people's desire for beauty and health, Sojitz provides support services centered on hospitals as well as various peripheral services, including the pharmaceuticals business. These businesses support the creation of better health care environments and communities. In addition, Sojitz Cosmetics Corporation seeks to contribute to society by developing cosmetics that satisfy customer needs, and by providing related services.

Sales at Long Duc Industrial Park in Vietnam
(As of June 30, 2013)

40% of lots sold

Total area of Greenland International Industrial Center in Indonesia

1,300 hectares

Stride 5
Accelerate the Overseas Industrial Park Business

2012

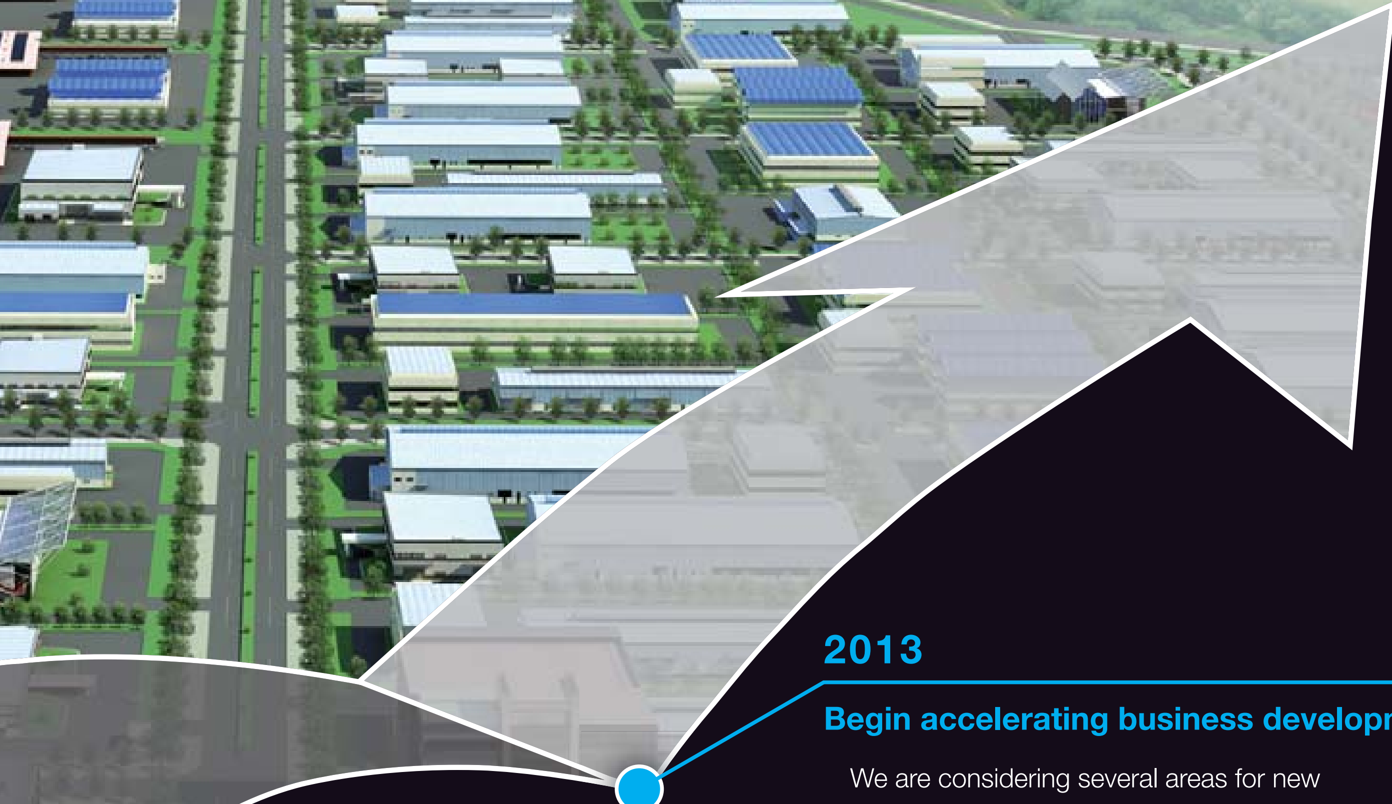
Steady initiatives contribute to earnings

Value Unique to a General Trading Company

The overseas industrial park business generated robust results for the year ended March 31, 2013. We clear an extensive area of land and install infrastructure such as electricity, gas, water and sewerage to develop and sell it as industrial parks, but that is not the end of our ambitions. Developing industrial parks enables a wide array of local transactions with companies expanding overseas, from logistics and the supply of fuel and raw materials to handling products. The overseas industrial park business therefore has the function of establishing bases that create opportunities for the entire Sojitz Group.

This function is important for companies expanding overseas. Sojitz has a network of partners with intimate knowledge of local areas. We therefore offer significant advantages as a one-stop source of solutions for the issues involved in overseas business development. Sojitz also has in-depth knowledge of local conditions in ASEAN countries, including domestic demand, the status of local companies, and labor force characteristics. We frequently provide support that begins with transplant country selection. This kind of value is unique to a general trading company.

Sojitz entered the overseas industrial park business in the mid-1990s. We developed the Loteco Industrial Park in Dong Nai Province in Vietnam, a country in which we have built a strong presence. We acquired experience by supporting each of the various needs of tenant companies. Subsequent issues such as the Asian financial crisis led us to put development on hold for several years, but in April 2012 the Overseas Construction Development Office was upgraded to a department based on the external



environment and its potential for creating the opportunities mentioned earlier. The entire Sojitz Group focused its attention on this business.

Accelerated Development of a Business That is Meaningful Inside and Outside the Sojitz Group

Sojitz is currently developing four overseas industrial parks. We have completed sales at Loteco in Vietnam and have been developing the 270-hectare Long Duc Industrial Park, also in Dong Nai Province, since February 2012. We plan to complete Long Duc in August 2013. Sales have been steady, with 40% of the lots already sold. This industrial park is in an outstanding location, and the deep and trusting relationship we have built with Dong Nai Province through the operation of Loteco adds breadth to the one-stop service that Sojitz provides. Greenland International Industrial Center in Indonesia is a large-scale development with 1,300 hectares that we have subdivided for development and sale. We have completed sales at the 700-hectare phase one development and are now selling lots at the completed 150-hectare portion of the 600-hectare phase two development, which is under construction with overall completion planned for December 2013. Sales have been robust, particularly to the automotive industry. We are also developing a 115-hectare industrial park in India with 75 hectares for sale. We completed land acquisition at the end of 2012 and are now acquiring permits.

While proceeding steadily with development and sales, Sojitz is accelerating initiatives to expand this business with a medium-to-long-term perspective.

2013

Begin accelerating business development

We are considering several areas for new developments, including Vietnam, which has strong advantages, and countries such as Myanmar where transplant needs have increased in recent years. We are also studying related businesses on the periphery of industrial parks, including cloud service businesses that leverage sophisticated IT infrastructure, smart power grids that use renewable energy, water recycling and hospital management.

We do not simply solve the problems of large companies expanding overseas. The overseas industrial park business contributes to countries that host transplants in ways such as contributing to the development of local support industries and economies, creating jobs, transferring technology, and reducing environmental burden.

Yu Mizuike, General Manager of the Overseas Construction Development Department, strongly affirms, “A business like ours that is connected with so many departments and subsidiaries is something of a rarity for the Sojitz Group. The overseas industrial park development business is meaningful inside and outside the Group. We will develop this business as a bridgehead in emerging countries.”

The Loteco Industrial Park in Vietnam

Consumer Lifestyle Business Division

Summary of the Year Ended March 31, 2013

Earnings increased strongly and results exceeded our initial plan during the year ended March 31, 2013 because of the sound performance of the fertilizer business and the overseas industrial park business. We concentrated on reinforcing the operating fundamentals of the fertilizer business to establish a potent business organization. The overseas industrial park business accurately met the needs of Japanese transplants in Vietnam and Indonesia. Performance was robust in the foods resources and the building materials businesses, in which earnings are related to demand in Japan. Reforms and other initiatives resolutely implemented to strengthen the earnings foundation began to take effect during the fiscal year, which supported earnings.

We have three core strategies under Medium-term Management Plan 2014: 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. We will continue to generate stable earnings by strengthening our platform in Japan and the trading business while pressing ahead with the transformation of our earnings foundation and business locations.

The new investments and loans that drive our strategies steadily generated results during the year ended March 31, 2013. Huong Thuy Manufacture Service Trading Corporation, one of Vietnam's largest food wholesalers, became a consolidated subsidiary, and we made steady progress in building our distribution network. Our compound feed company in Vietnam also began production. In addition, we entered the shrimp farming, processing and marketing business in Indonesia.

Strategy

While we need to respond astutely to changes in our operating environment, the strongly growing economies of Southeast Asia, the recovery of demand in Japan and other factors are basically a tailwind for the Consumer Lifestyle Business Division. Even the impact of factors such as the slowing Chinese economy has been minimal for the division, as its business in that country performed well in the second half of the fiscal year. We therefore intend to pick up the pace of initiatives during the year ending March 31, 2014.

We will focus on accelerating our initiatives in two business focus areas. We will further strengthen the earnings foundation of the fertilizer business while securing upstream phosphorous, potassium and other interests for advanced chemical fertilizers. In the grain origination, storage and export terminal business, 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. Given the smooth progression of concrete studies in both businesses during the year ended March 31, 2013, we will segue to the execution stage in the year ending March 31, 2014.

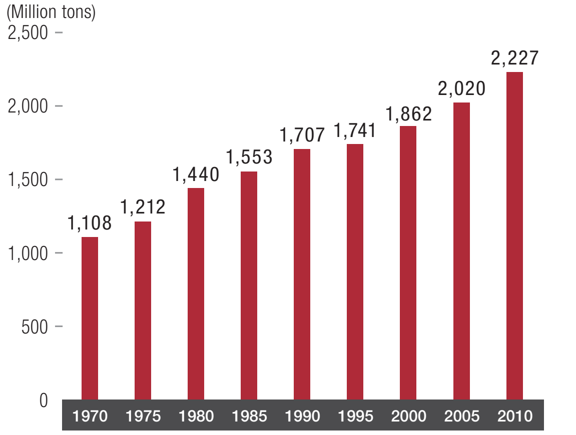
Managing Executive Officer
President, Consumer Lifestyle Business Division
Hideaki Kato

Regionally, we will start by strengthening operations in Vietnam. Sojitz currently has an excellent asset portfolio in Vietnam in businesses including fertilizer, woodchip manufacturing and industrial parks. We will steadily strengthen earnings in businesses we concentrated on during the year ended March 31, 2013, including the feed and food wholesaling businesses, and will also enter the broiler and other businesses. In addition, the port facilities of our associate Interflour Vietnam Ltd., the ASEAN region's largest, will play a key role in foodstuffs and food-related operations. Interflour's port handles more than 1 million tons annually, and its flour milling business produces several hundred thousand tons annually. We will continue to fully leverage Interflour's capabilities to build potent value chains. In China, the drugstore business and other operations are generating steady results, and we plan to increase the regions we serve. New businesses will also be a focus in future core markets such as Indonesia, the Philippines and Myanmar.

The establishment of the Controller Office for the division in April 2013 will support our initiatives. While it has just been established, the office is already fully performing its intended functions, such as accelerating risk quantification and project feasibility studies, and unifying risk management functions and sales. The office will continue to ensure a sophisticated risk management organization that raises asset efficiency.

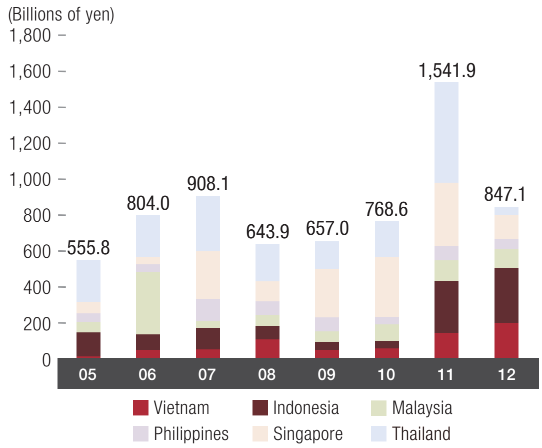
The Consumer Lifestyle Business Division is involved in a wide range of areas that are intimately connected with food, clothing and shelter. It will develop businesses that directly help improve quality of life in emerging countries and the development of Japanese corporations. Our business opportunities are limitless, so my responsibility is to give employees an open environment in which they can take on challenges. We have benefited from restructuring our traditional operating approach, so we have confidence that we did the right thing. Now it is time to steadily execute our ongoing initiatives to enable further growth.

Global Grain Consumption



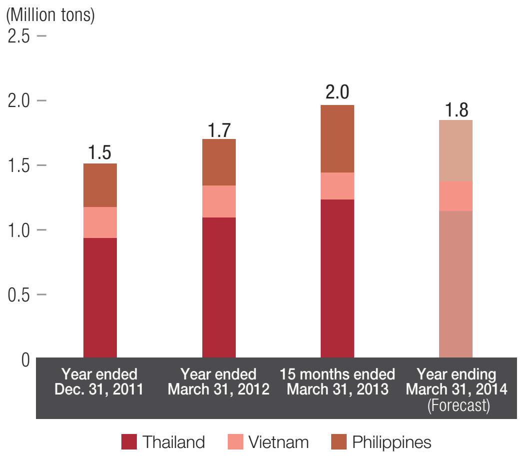
Source: Policy Research Institute, Ministry of Agriculture, Forestry and Fisheries

Japanese Foreign Direct Investment in Major ASEAN Region Countries



Source: Ministry of Finance

Sojitz: Advanced Chemical Fertilizer Production Volume (Thailand, Vietnam and the Philippines)



Foods Resources Unit

- Grains and feed materials: Trading, domestic trading and sales 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 sales 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 are engaged in the flour milling business through investment in Interflour Vietnam Ltd., a leading Vietnamese flour milling company. We are also using this company's specialized grain port, the ASEAN region's largest, as a distribution base to expand into the compound feed production business. Partners include Kyodo Shiryo Co., Ltd., a leading Japanese feed producer with their own technology in Vietnam, and New Hope Liuhe Co., Ltd., China's largest feed company in Cambodia.


Kyodo Sojitz Feed Company Limited in Vietnam

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 businesses as well as trading. In marine products, we operate a bluefin tuna fish farming business in Takashima, Nagasaki Prefecture, to help ensure a stable supply of tuna amid the current rapid surge in global demand and tight fishing restrictions. In addition, we are considering the expansion of this business to other marine products. Besides imports and domestic sales of tuna and shrimp, we have tuna processing operations overseas. In food distribution, we handle overseas processing, imports and sales of general food products in Japan, mainly through our subsidiary Sojitz Foods Corporation, and support the overseas operations of Japanese food companies. We are also involved in the snack business through associate Yamazaki-Nabisco Co., Ltd.


Bluefin tuna farming operation at Sojitz Tuna Farm Takashima

Agriculture & Forest Resources Unit

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

Agribusiness

In its agribusiness operations, Sojitz is developing business with a focus on upstream areas of the food supply chain. We have one of the largest high-quality compound fertilizer production and sales networks in Southeast Asia through our manufacturing and sales companies in Thailand, Vietnam and the Philippines. We are also eyeing the acquisition of upstream interests in resources such as nitrogen, phosphorus and potassium.

In addition, we are considering the application of the knowledge we have gained in the agriculture business in Argentina to expand into large-scale production of soybeans and other crops in South America, and are strengthening our integrated agribusiness model that includes agricultural production, fertilizer and grain origination.


Advanced chemical fertilizer factory in Thailand

Forest Products Business

In the forest products business, Sojitz primarily handles products such as logs, plywood and paper raw materials and is building a stable supply network while strengthening its 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 our subsidiary Sojitz Building Materials Corporation, which has the top market share for plywood in Japan.

In the paper raw materials business, we are strengthening our woodchip manufacturing business in Vietnam, and by using our knowledge and experience, we are expanding the business to Africa through a woodchip manufacturing company in Mozambique. We also plan to increase the amount of pulp we handle, mainly for sales to emerging markets.


Shipping woodchips in Vietnam

Consumer Service & Development Unit

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

Consumer Goods Distribution Business

Consumer needs in emerging countries are diversifying as economic and social conditions change with rapid economic growth. Sojitz is advancing into the wholesale and distribution businesses overseas with a focus on emerging countries, based on its experience in the consumer goods import business in Japan, the world's third-largest market. As one such initiative, we are engaged in the wholesale business in Vietnam through our consolidated subsidiary Huong Thuy Manufacture Service Trading Corporation (HT), one of Vietnam's largest food wholesalers. HT is developing a distribution network, building an information system for distribution, and supporting Japanese manufacturers entering the market in Vietnam. Our goal is to become the leading general consumer goods wholesaler in Vietnam, focused mainly on food products.

Admiral brand casual shoes

Delivery by Huong Thuy Manufacture Service Trading Corporation

In the Japanese market, Sojitz General Merchandise Corporation is a wholesaler of brand-name shoes such as Admiral and brand-name bags including EASTPAK. We promote the superior functionality and the design and color variations of these products to appeal to consumer sensibilities.

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. Sojitz is using this foundation in Japan to develop and expand business in the growing Chinese and ASEAN markets.

McGREGOR CLASSIC Store

Overseas Construction Development Business

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

Sojitz has created a competitive business model for industrial parks through the provision of comprehensive assistance such as supporting transplant setup, establishing local subsidiaries, obtaining approvals and hiring workers. In addition, we provide distribution support that gives industrial parks logistics functions, as well as other support services ranging from plant facility construction to sale of manufacturing equipment, relocation and delivery of raw materials.

Long Duc Industrial Park under construction

Management Foundation

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

Directors and Corporate Auditors (As of June 25, 2013)

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, Senior Managing Executive Officer, CFO, Senior Management of Finance & Accounting, Risk Management, Corporate Accounting, Finance, Forex & Securities

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, Finance & Accounting, Risk Management
2012, June	Representative Director, Senior Managing Executive Officer, CFO, Senior Management of Finance & Accounting, Risk Management
2013, April	Representative Director, Senior Managing Executive Officer, CFO, Senior Management of Finance & Accounting, Risk Management, Corporate Accounting, Finance, Forex & Securities

Director

Yoshikazu Sashida[1,3]

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.

Director

Toru Nagashima[1,3]

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
2013, April	Senior Advisor, Member of the Board, Teijin Limited
2013, June	Senior Advisor, Teijin Limited

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

Yoichi Ojima[2,3]

1974, April	Joined The Sanwa Bank, Limited
2002, May	Executive Officer, in charge of Internal Audit Department, and General Manager, Internal Audit Department, UFJ Bank Limited
2002, June	Director, Executive Officer, in charge of Internal Audit Department, and General Manager, Internal Audit Department
2004, June	Full-time Audit & Supervisory Board Member, Nippon Shinpan Co., Ltd.
2005, June	Managing Executive Officer
2005, October	Managing Executive Officer, UFJ NICOS Co., Ltd.
2006, June	Director and Managing Executive Officer
2007, April	Director and Managing Executive Officer, Mitsubishi UFJ NICOS Co., Ltd.
2007, November	Director and Senior Managing Executive Officer
2012, June	Chairman, Card Staff Service Co., Ltd.
2013, June	Full-time Corporate Auditor, Sojitz Corporation

Corporate Auditor

Yukio Machida[2,3]

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 (currently Nishimura & Asahi)
	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

Miki Seko[2,3]

1978, April	Assistant, Nihon University, College of Economics
1981, April	Assistant Professor, Nihon University, College of Economics
1985, April	Associate Professor, Nihon University, College of Economics
1990, April	Professor, Nihon University, College of Economics
1998, April	Professor, Keio University, Faculty of Economics
2013, April	Professor Emeritus, Keio University; Professor, Musashino University, Faculty of Political Science and Economics
2013, June	Corporate Auditor, Sojitz Corporation

Corporate Auditor

Tadao Tsuya[2,3]

1973, October	Joined Arthur Andersen LLP
1988, September	Partner
1990, September	Established certified public accountant and tax accountant office Tsuya Accounting Office
1997, February	Joined Amway Japan
2001, March	Joined DENSEI-LAMBDA K.K.
2001, June	Director, General Manager, Finance Division
2004, July	Joined ORIX Corporation
2005, February	Executive Officer
2009, January	Corporate Senior Vice President
2009, June	Outside Director, The Fuji Fire and Marine Insurance Company, Limited
2010, January	Advisor, ORIX Corporation
2010, April	Advisor, The Fuji Fire and Marine Insurance Company, Limited
2011, June	Outside Corporate Auditor, Hitachi Tool Engineering, Ltd.
2013, June	Corporate Auditor, Sojitz Corporation

1. Mr. Yoshikazu Sashida and Mr. Toru Nagashima satisfy the requirements to be outside directors as stipulated in the Companies Act of Japan.
2. Mr. Yoichi Ojima, Mr. Yukio Machida, Ms. Miki Seko and Mr. Tadao Tsuya satisfy the requirements to be outside corporate auditors as stipulated in the Companies Act of Japan.
3. Mr. Yoshikazu Sashida, Mr. Toru Nagashima, Mr. Yoichi Ojima, Mr. Yukio Machida, Ms. Miki Seko and Mr. Tadao Tsuya satisfy the requirements to be independent officers as stipulated in the Securities Listing Regulations.

Executive Officers (As of June 25, 2013)

Executive Vice President
Joji Suzuki
President & CEO for Europe, Africa, Middle East, Russia & NIS
Managing Director, Sojitz Europe plc
Managing Director, Sojitz UK plc

Executive Vice President
Shinichi Taniguchi
Secretariat, Public Relations, Regional Coordination & Administration, Asset Management, Investment Management

Managing Executive Officer
Tetsuya Konoda
CIO, Internal Audit, Internal Control Administration, IT Planning

Managing Executive Officer
Masahiro Komiyama
President, Energy & Metal Division

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
Hiroshi Matsumura
Senior Vice President, Energy & Metal Division
Senior General Manager, Coal & Nuclear Unit

Managing Executive Officer
Junichi Hamatsuka
Risk Management Planning, Risk Management 1, Risk Management 2

Managing Executive Officer
Toshihiko Kita
President, Machinery Division

Managing Executive Officer
Hideaki Kato
President, Consumer Lifestyle Business Division

Managing Executive Officer
Masayuki Hanai
CCO, Legal

Executive Officer
Masao Goto
Executive Vice President for China
President, Sojitz (Shanghai) Co., Ltd.
General Manager, Nanjing Office

Executive Officer
Shigeru Ohno
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) Co., Ltd.,
General Manager, Beijing (Liaison) Office

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

Executive Officer
Masashi Shinohara
Vice President for Europe, Africa, Middle East, Russia & NIS (Africa Region)

Executive Officer
Tsutomu Tanaka
Senior Vice President, Chemicals Division
Senior General Manager, Chemicals Unit

Executive Officer
Shigeru Nishihara
Corporate Planning, 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, Wuhan Office

General Manager, Chongqing Office

Executive Officer
Masahiko Nishimura
Vice President for Europe, Africa, Middle East, Russia & NIS (Middle East Region)

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

Executive Officer
Toshiharu Yoshimura
President & CEO for Asia & Oceania

Managing Director, Sojitz Asia Pte. Ltd.

General Manager, Singapore Branch

Executive Officer
Yutaka Yamada
Structured Finance

General Manager, Structured Finance Department

Executive Officer
Ryutaro Hirai
Human Resources & General Affairs

General Manager, Human Resources & General Affairs Department

Executive Officer
Satoru Takahama
Senior Vice President, Energy & Metal Division

General Manager, Planning & Administration Office

A Message from Chairman Yutaka Kase

We will generate sustainable growth and increase shareholder value by continuing to manage with integrity and trust.

A year has passed since I began supervising the Board of Directors as Chairman. The experience strongly reaffirmed my belief that enhancing corporate governance and strengthening management are constant processes that require ceaseless effort, and I remain committed to maintaining a sound management framework.

We have continued to advance such initiatives during the year ending March 31, 2014. First of all, we have increased the number of independent officers from one to six. As independent officers, all of our outside directors and outside corporate auditors are expected to defend the interests of shareholders, which will make our management framework even more transparent. We have also broadened our management outlook by appointing our first female corporate auditor. I expect her to be an important role model for our female employees, and to bring a breath of fresh air to management.

My most important duty is supervising business execution, and I intend to emphasize compatibility with emerging trends and societal needs. Now that Sojitz has steadily moved forward with asset replacement and substantially improved its finances, society is asking us if we are capable of growth over the medium and long term. We must structure a sound earnings foundation while continuing to make strategic moves for the future. I intend to make sure we stay on this course in our business execution.

The 21st century is the century of emerging countries. Looking around the world, meeting demand for resources in emerging countries, upgrading their infrastructure, and enhancing the level of their environmental and energy technologies have become even more important. Consequently, the areas in which Sojitz needs to demonstrate its value are expanding, including solving social issues and contributing to the next generation. In addition, reliability is the source of value for Japanese companies, which need to set the example for emerging countries and the rest of the world in such areas as following through and transparency. Sojitz has always valued integrity and reliability, and is confident that it embodies these values.

Sojitz will continue to manage with integrity and trust as its basis for implementing sound initiatives to strengthen corporate governance while promoting growth strategies that are in step with current realities to achieve sustainable growth and increase shareholder value. We are counting on your support.

Chairman
Yutaka Kase

Corporate Governance

Basic Corporate Governance Policy

Companies have many objectives, including securing profit and enhancing corporate value. Effective corporate governance is essential for establishing a management foundation that enables continuous achievement of corporate objectives and remaining a corporation that stakeholders, including shareholders, customers, business partners and employees 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 maintain and improve effective 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 ensure clear management responsibility and accountability and 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.

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. To do so, Sojitz is working Company-wide 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

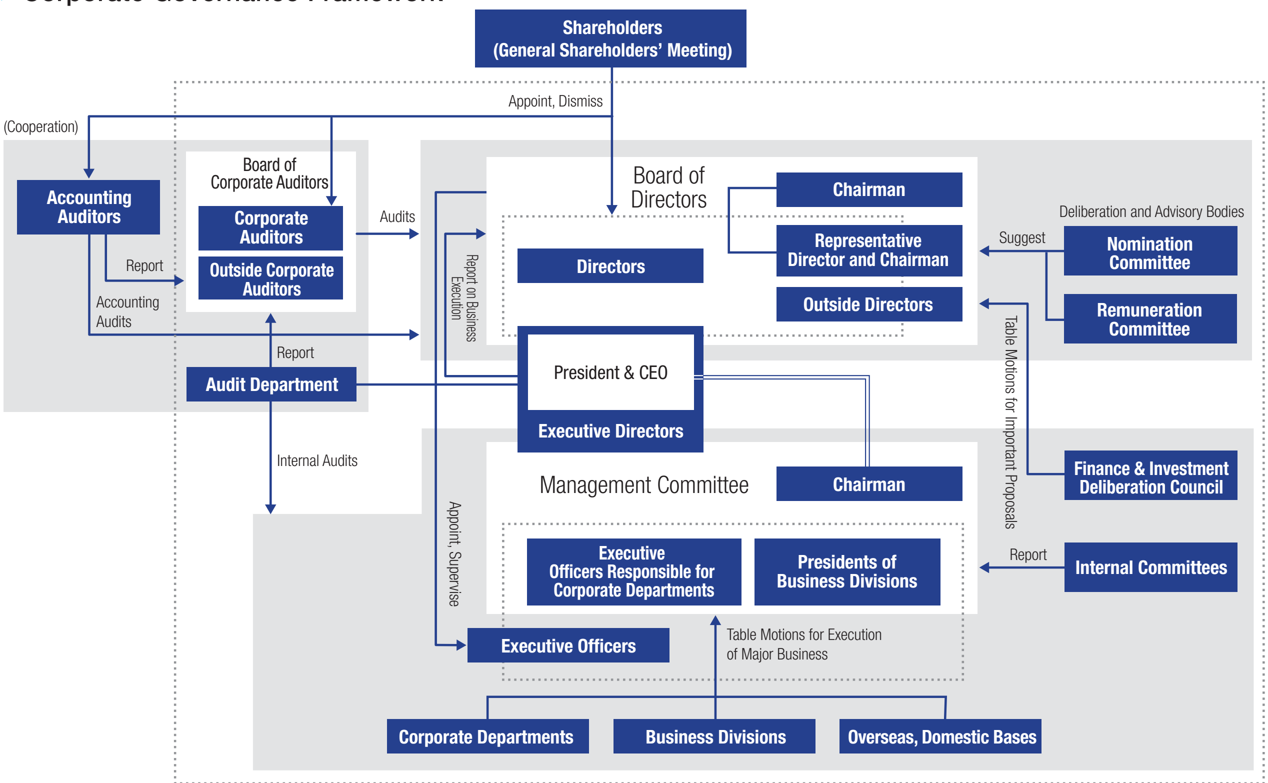
Sojitz employs an executive officer system that separates management decision-making and business execution to clarify authority and responsibility and to expedite business execution. The term of directors and executive officers has been set as one year so that the Sojitz Group can respond quickly and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

Sojitz is a company with a board of corporate auditors who audit the business performance of directors from an independent standpoint. In addition, Sojitz appoints outside directors to give management an external perspective and to further strengthen the supervising duties. The Company also has a Nomination Committee and a Remuneration Committee, which are consultative bodies 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

▶ Corporate Governance Framework



convenes at least once each month, and holds ad hoc meetings if crucial matters arise. To improve management oversight and to further separate management and execution, the position of Chairman of the Board is held 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, four of whom are outside members and two of whom are full-time. The corporate auditors are independent from the Board of Directors and audit the directors' execution of their duties. At the Ordinary General Shareholders' Meeting in June 2013, three corporate auditors were newly elected following the expiration of their predecessors' terms of office. One of the newly elected corporate auditors is the Company's first female officer.

Advisory Bodies

Sojitz is a company with a Board of Auditors, but has also set up the Nomination Committee and the Remuneration Committee as advisory bodies to the Board of Directors to ensure fair and transparent appointment and remuneration of directors and executive officers.

• 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

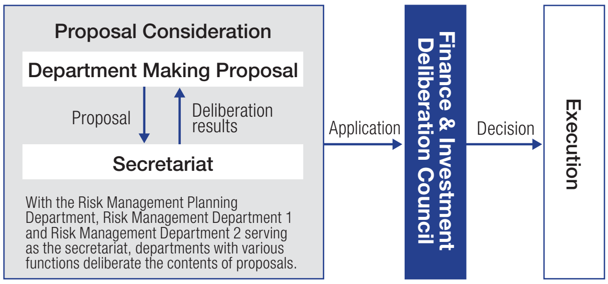
The Remuneration Committee is chaired by Yoshikazu Sashida, an outside director. It discusses and proposes remuneration levels and various systems of evaluation and remuneration of directors and executive officers.

Other Management and Execution Systems

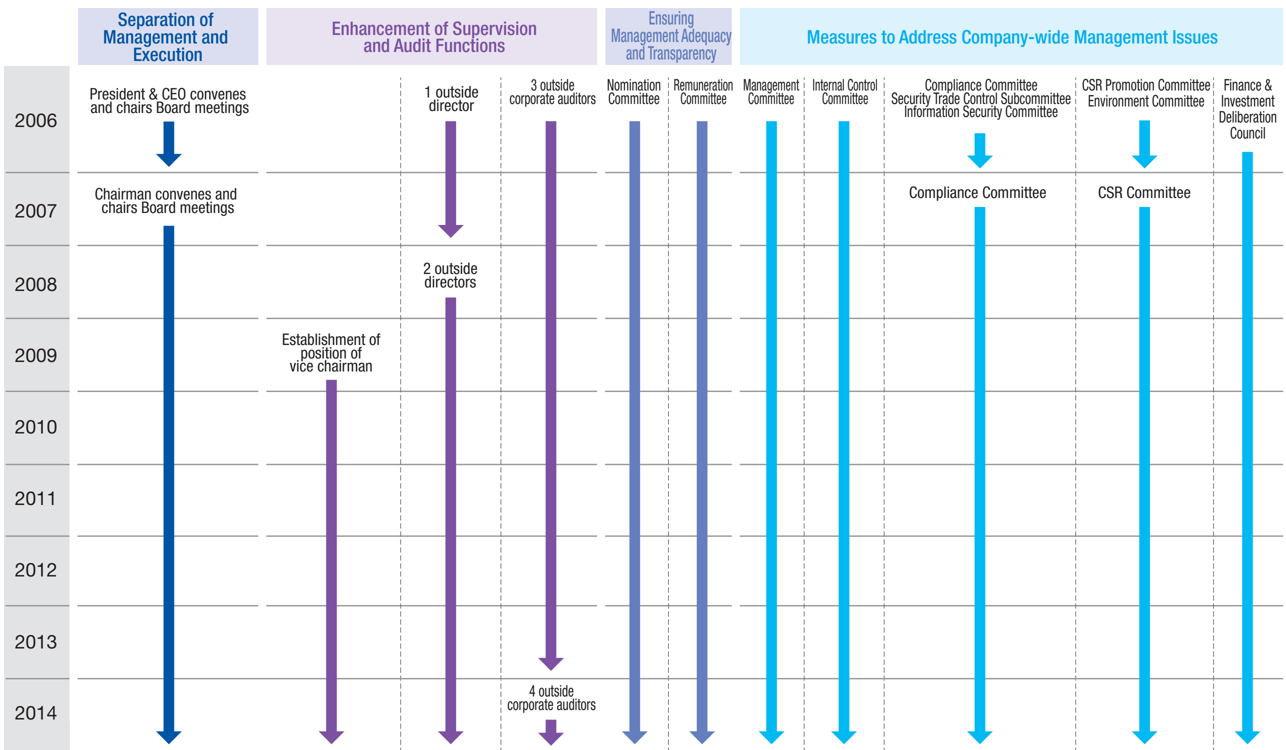
Sojitz established the Management Committee as an organization that oversees business execution. Chaired by the President & CEO, it includes executive directors and the heads of business divisions and corporate departments. The corporate auditors attend the Management Committee meetings as observers.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

Sojitz established the Finance & Investment Deliberation Council because investments and loans are among the most significant management elements with a major

▶ Finance & Investment Deliberation Council Decision-making Process



▶ Evolution of Sojitz's Corporate Governance (As of July 1, 2013)



impact on Sojitz Group's business activities. The council is currently chaired by the CFO, Senior Managing Executive Officer, Finance & Accounting, Risk Management, and consists of executive directors, the heads of corporate departments and other members. In principle, it convenes 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 the head office corporate departments, which examine issues in ways including measuring and visualizing risk.

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.

• 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, Legal chairs the Compliance Committee, which studies and formulates basic policies and measures 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.

Major Board and Committee Meetings

Major board and committee meetings convened during the year ended March 31, 2013 were as follows,

Boards and Committees	Times Convened
Board of Directors	15
Board of Auditors	15
Management Committee	27
Nomination Committee	1
Remuneration Committee	1
Finance & Investment Deliberation Council	27
Internal Control Committee	4
Compliance Committee	4
CSR Committee	3

Function of Outside Directors and Reason for Appointment

The appointment of outside directors to provide an external perspective on management and further strengthen the supervision of execution is 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, Senior Advisor 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. The outside directors provide the Board of Directors with appropriate advice from an objective perspective. In addition, each outside director chairs either the Remuneration Committee or the Nomination Committee.

Name	Yoshikazu Sashida	Toru Nagashima
Position	Counselor, Nisshinbo Holdings Inc.	Senior Advisor, 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, 2013)

Measures to Strengthen Corporate Governance

To raise the level of corporate governance as a global corporation, Sojitz has been implementing measures to strengthen corporate governance to respond appropriately to issues such as compliance and risk management at Group companies in Japan and overseas.

Under Medium-term Management Plan 2014 – Challenge for Change, which is currently under way, Sojitz is implementing reforms in pursuit of growth initiatives, including creating a balance sheet focused management structure, revising the management system and strengthening its overseas operations.

In June 2013, Sojitz's first female officer was newly elected as an outside corporate auditor. Her extensive knowledge and experience will facilitate supervision and monitoring of management from a broader perspective.

Officer Remuneration and Determination Policy

Director remuneration is based on the Company's overall performance, and is decided by the Board of Directors following deliberation by the Remuneration Committee. Corporate auditor remuneration is deliberated and decided by the Board of Auditors. However, director and corporate auditor remuneration are 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. Yoichi Ojima, Mr. Yukio Machida, Ms. Miki Seko and Mr. Tadao Tsuya, 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, 2012		Year ended March 31, 2013	
Category	Recipients	Amount (Millions of yen)	Recipients	Amount (Millions of yen)
Directors	7	413	9	348
(Outside directors, included in above)	(2)	(24)	(2)	(24)
Corporate Auditors	5	131	6	131
(Outside corporate auditors, included in above)	(3)	(58)	(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 Officers

Pursuant to Rule 436-2 of the Securities Listing Regulation, listed companies in Japan are required to secure an independent officer in order to protect ordinary shareholders. Independent officers are selected from outside directors or outside corporate auditors who are unlikely to have a conflict of interest with ordinary shareholders. An independent officer is expected to protect ordinary 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 business execution. Since the requirement to secure an independent officer came into effect, Sojitz had designated only one independent officer: outside corporate auditor Mr. Yukio Machida. In June 2013, the Company made its outside directors, Mr. Yoshikazu Sashida and Mr. Toru Nagashima, and its outside corporate auditors, Mr. Yoichi Ojima, Ms. Miki Seko and Mr. Tadao Tsuya, independent officers. As a result, all of the outside directors and outside corporate auditors became independent officers. This change helps to further enhance the structure for ensuring the interests of ordinary shareholders are taken into consideration in the Company's management and enabling the Company to fulfill its business objectives and aim for continual improvement in corporate value.

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. Starting from the year ending March 31, 2014, the Company also posts the Notice of Convocation on its corporate website approximately one week before the notice is sent. The date of the meeting is selected so that as many shareholders as possible may attend and participate. Webcasts of messages to the shareholders from director and corporate auditor candidates are also posted on the Sojitz corporate website.

Sojitz uses mobile phone and Internet voting in addition to voting by mail, so that shareholders who are unable to attend the meeting can exercise their voting rights. Moreover, the Company uses an electronic voting platform for institutional investors so that institutional investors with material voting rights may exercise those rights. In addition, Sojitz provides a video of the Ordinary General Shareholders' Meeting, including the question-and-answer session, via its website after the meeting has ended, with the objective of fair information disclosure.

At the Ordinary General Shareholders' Meeting on June 25, 2013, voting rights exercised in writing and via the Internet represented shares held by 56,429 shareholders, of which 1,240 shareholders including 18 directors, corporate auditors and executive officers attended the meeting, and accounted for 64.06% of total voting rights.

▶ Number of Shareholders in Attendance and Voting Rights

Shareholders who can exercise voting rights	176,638
Total voting rights	12,499,721
Shareholders who exercised voting rights	56,429
Voting rights exercised	8,008,040
Percentage of voting rights exercised	64.06%

▶ 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)	7,801,245	127,275	14,611
Proposal No. 2 Election of Seven Directors Yutaka Kase	7,662,654	265,034	15,964
Takashi Hara	7,771,226	156,463	15,964
Yoji Sato	7,661,849	265,839	15,964
Shigeki Dantani	7,774,361	153,328	15,964
Yoshio Mogi	7,774,398	153,291	15,964
Yoshikazu Sashida	7,671,866	255,824	15,964
Toru Nagashima	7,674,531	253,159	15,964
Proposal No. 3 Election of Three Corporate Auditors Yoichi Ojima	5,184,484	2,744,458	14,611
Miki Seko	7,805,894	123,051	14,611
Tadao Tsuya	7,805,581	123,364	14,611

Note: By regarding the sum of the voting rights exercised prior to the date of the meeting and the voting rights of the shareholders present on the date of the meeting whose approval or disapproval of the resolutions was confirmed as the total number of voting rights, the requirements for adoption of each proposal have been satisfied. Therefore, the number of voting rights of shareholders present on the date of the meeting whose intention of approval, disapproval or abstention was not confirmed have not been included in the calculation.

Basic Policy for Information Disclosure

To ensure highly transparent management and to 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 stakeholder's perspective. 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 recognizes the importance of listening attentively to all investors' and shareholders' opinions and incorporating their views in management through active communication.

To communicate with individual shareholders and investors, Sojitz held two briefings as additional opportunities to facilitate dialogue with shareholders outside of the Ordinary General Shareholders' Meeting. The August 2012 briefing in Osaka had 252 attendees and the March 2013 briefing in Nagoya had 308 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, with web conferences for the first and third quarter announcements, and convenes numerous one-on-one meetings. During the year ended March 31, 2013, around 200 people attended each briefing, and approximately 160 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 its corporate website.

Sojitz has also established a structure for gathering the opinions of investors and reflecting them in the Company's management. Weekly 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 at the Ordinary General Shareholders' Meeting and shareholder briefings, and in shareholder newsletters. In the year ended March 31, 2013, a total of 810 surveys were collected at the Ordinary General Shareholders' Meeting, 517 at the shareholder briefings and 3,161 via the shareholder newsletters. For Company 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 messages from director and corporate auditor candidates on the Company website ・Webcasts of the Ordinary General Shareholders' Meeting on the Company website ・Regional briefings for individual shareholders in Osaka and Nagoya, 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 and webcasts of all of these events on the Company 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 to exchange views on voting guidelines
IR materials and website content	・Notice of Convocation of the Ordinary General Shareholders' Meeting ・Report of voting results ・Securities report (quarterly)* ・Corporate governance report* ・Timely disclosure materials ・Summary of financial results ・Briefing presentation materials ・Annual report ・Shareholder newsletters* ・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 eight basic policies regarding the establishment of "Systems for Ensuring Appropriate Execution of Business Operations."

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 the 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 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, and risk management, led by the Risk Management Planning Department, and the execution of “Assessment of Internal Controls over Financial Reporting” under the Financial Instruments and Exchange Act, led by the Internal Control Committee.

Corporate auditors attend Board of Directors, Management Committee, Internal Control Committee and other meetings, and consult with the people 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 systems that are more efficient by exchanging 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 important. Accordingly, in the year ended March 31, 2009 the Company enacted the following basic policies in accordance with the “Internal Control Reporting System” as prescribed in 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, 2013, management executives evaluated the Sojitz Group’s internal control system for financial reporting once again, and concluded that it is effective.

▶ Main Initiatives Aimed at Strengthening the Internal Control System

November 2005	The Internal Control Committee, chaired by the President & CEO, is established ・To decide the Sojitz Group’s internal control policies and monitor progress in establishing internal controls ・To execute initiatives to increase general awareness of internal controls among Group executives and employees
May 2006	The Board of Director adopts a resolution regarding the Company’s basic policies regarding the establishment of “Systems for Ensuring Appropriate Execution of Business Operations” (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 corporate auditors. In addition, they 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 the 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 mainly cover business departments, corporate departments, consolidated subsidiaries and major overseas associates.

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 investment and loan control. It reports its findings to the President & CEO and provides audited departments with plans to improve effectiveness. To speed up the 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 foster awareness of risk management.

Risk Management

Basic Risk Management Policies

As a general trading company, the Sojitz Group is engaged in a diverse and 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 risks, and manages them according to the nature of each risk. Quantifiable risks such as market risks, business investment risks, credit risks and country risks are quantified and managed based on a calculation of risk assets. Nonquantifiable risks such as legal risks, compliance risks, environmental risks, financing risks, disaster risks and system risks are managed in the same manner as quantifiable risks, with the status of the risk and other issues being 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 quantified risks to keep them within the scope of the strength of the Company (its total equity), and 2) maximize earnings in line with the level of risk exposure. In other words, the Sojitz Group manages risks 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 total equity. The ratio of risk assets to total equity attributable to owners of the Company was 0.9 times in the year ended March 31, 2013, within our target range. We will continue our risk control efforts to maintain the ratio at this level. 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 balance sheet with better quality and resilience. This policy involves withdrawing from businesses with low profitability and revising the existing portfolio.

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

Note: Please refer to pages 101 to 105, "5. Business and Other Risks" in "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. To enhance risk management in operations and spread awareness throughout the entire Group, we 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. Specifically, the Risk Management Planning Department is in charge of the planning and establishment of overall rules, systems and risk management policy and measuring risks. 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 a Controller Office in a business division as part of its efforts to build a structure and organization that can conduct business with a high level of risk management. Controller offices will also be established in all other business divisions. The objective is to promote strong and sophisticated risk management capabilities in business departments while accelerating risk management.

Business Investment Proposals

Deliberation of business investment proposals takes place in the Finance & Investment Deliberation Council chaired by the CFO, Finance & Accounting, Risk Management. In order to visualize risks and facilitate deliberation, this council prepares 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 the 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 managing risks 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 risks, 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 share 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 must 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 programs for locally hired employees. Moreover, Sojitz has set up four regional compliance committees that run committee meetings and carry out local compliance activities overseas. In addition, Sojitz promotes a shared awareness of compliance and regularly exchanges 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.

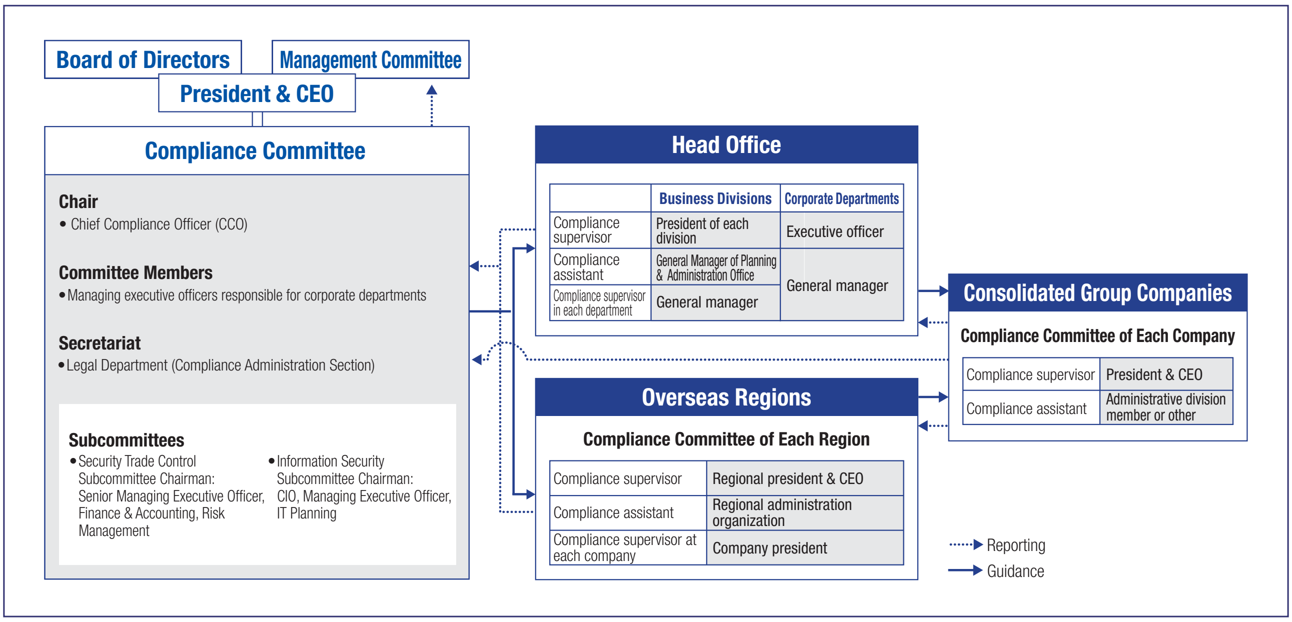
Moreover, to help prevent or rapidly detect violations of compliance regulations, Sojitz has a hotline (reporting system) that provides access to the CCO and outside legal counsel; a consultation desk where Compliance Committee Secretariat members can be contacted; and the multi-lingual Sojitz Ethics 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 Conduct and Ethics. In the year ended March 31, 2012, we revised the case examples to enhance their

▶ Compliance Framework



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, 2013, inspections were conducted at 58 head office departments and offices, 49 overseas sites including subsidiaries, and 118 Group companies in Japan and overseas. To flexibly respond to the rapidly changing environment, Sojitz reviews and revises the list of inspection items every year based on the results of past inspections. Sojitz analyzes inspection results item by item and shares the findings across the Group to help prevent similar cases of noncompliance.

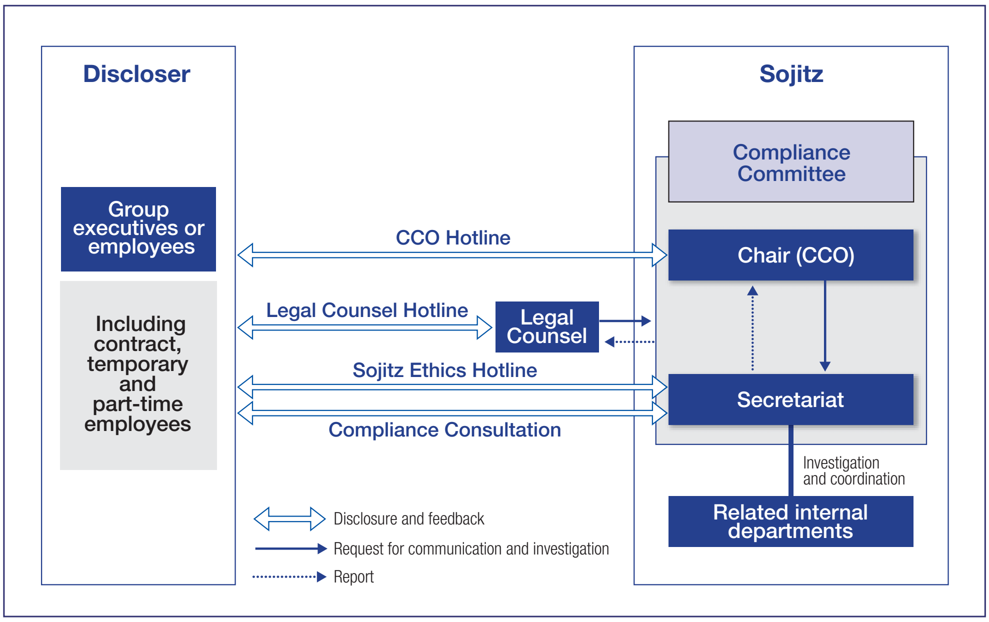
No serious cases of noncompliance have been reported in the comprehensive inspection results up to now. However, Sojitz is working on improvements such as revising inspection methods with the relevant departments to make inspections more effective.

Enhancement of Anticorruption Measures

In recent years, the United States and other countries have tightened regulations against corrupt practices such as bribing or improperly giving gifts to foreign public officials, and the level of standards demanded for prevention of corruption is increasing globally.

Sojitz formulated anticorruption rules in December 2012 and set out methods for preventing corruption in April 2013. Since then, the Company has implemented full-scale initiatives starting with the head office, where it began conducting e-learning focusing solely on the prevention of corruption, employee briefings regarding enforcement of its anticorruption rules, and other initiatives in May 2013. At the same time, the Company began screening gifts, entertainment and representative office appointments with a high risk of corruption. Sojitz plans to expand these initiatives to all Group companies in Japan and overseas to quickly ensure a high level of anticorruption measures throughout the Group.

▶ The Sojitz Group Compliance Hotlines



Sojitz Management in the Future

"We will help Sojitz grow with the objective insights of a third party."

▶ Management at Sojitz

Please evaluate the accomplishments of Sojitz's management.

Sashida: I have been watching management at Sojitz as an outside director for four years. I certainly think it is fair and transparent, and Sojitz has implemented risk management to deal with global expansion in many business fields. So I would say Sojitz has sound, prudent management. Sojitz has been challenged in its first 10 years. Naturally, the efforts of employees and the support of shareholders and other stakeholders were key factors in the sustained growth of the past decade, and I also think that Sojitz's senior managers have performed well.

Nagashima: Four elements are indispensable for a corporation: management speed, transparency, fairness and clear accountability. Looking at Sojitz management to date, I would say that sound, prudent management has gradually evolved. We have managed Sojitz steadily according to changing conditions and vantage points, and eliminated past debt. We are now positioned to seriously restructure our business portfolio.

What does Sojitz need to do?

Sashida: Sound, prudent management has steadily improved Sojitz's financial position and raised asset quality. Now I am looking forward to further improving profitability. This is a crucial issue for stakeholder returns, and especially for shareholder returns. Sojitz must also remain a strong company to maintain its many alliances and continue to succeed in intense global competition.

Nagashima: I think that Sojitz must be more adept than in the past at bringing management issues to light to raise profitability and achieve sound, sustained growth. I want Sojitz and its Group companies to more clearly share Group-wide issues and the issues of each business while implementing more timely and accurate responses. In addition, new issues arise to take the place of resolved issues. Sojitz therefore needs a framework for reviews at about six-month intervals. Stronger corporate governance would be key to this approach.

▶ Sojitz's Mission and Roles

As Sojitz evolves globally, what roles should it fulfill as a Japanese company and as a general trading company?

Nagashima: "Good for us, good for customers, good for society." These are the "three benefits" put into practice in Japan for centuries. I think they differentiate Japanese companies from overseas firms. From the perspective of what is good for society, the environment, energy, food resources, water, and infrastructure exports to and

business investment in emerging countries will become increasingly meaningful. Trading companies are the first to begin building businesses that address global issues. So I think that the roles we can fulfill in areas such as upgrading emerging country infrastructure are considerable.

Sashida: We have to achieve goals, but we also need to be flexible in responding to change. The theory of evolution is generally applicable to management. In the world of nature, the best able to adapt to changes in the environment are the most likely to survive. The same is true of corporations. We need to be a strong company that has a strong ability to generate earnings and that leverages information to globally optimize procurement, production and sales while concentrating the investment of resources in its areas of strength. I expect Sojitz to deploy its unique capabilities to anticipate its markets with fresh perspectives that drive change.

▶ Sojitz's Diversity and Globalization

Officer diversity is drawing increased attention outside of companies. What issues will become important for Sojitz?

Nagashima: Sojitz appointed a female officer as a corporate auditor, which I feel is an important indication of where Sojitz is heading. It would be good to follow this move toward diversity among directors, executive

Outside Director
Toru Nagashima

officers and managers at the general manager level as well. We need substance rather than formality in putting diversity into practice, so I think that adding a female director could help us more accurately assess the progress of our diversity initiatives. The Board of Directors would also be stimulated by hearing proposals from the perspective of someone who is not a man.

Sashida: We would also benefit from appointing a foreign executive officer, though that may be difficult in the short term. We are concentrating on issues such as cultivating human resources at overseas operating bases, and are energetically working toward true globalization in all areas. Sojitz's outside directors and corporate auditors are independent officers, and Sojitz has adopted IFRSs for accounting and reporting. I think these developments demonstrate Sojitz's intent to align itself with international standards.

▶ Roles of Outside Directors

What roles will you need to take on as outside directors?

Sashida: Society's demands for compliance in corporate and employee behavior are becoming increasingly stringent. In a diverse range of areas from law and ethics to the environment, outside directors must therefore make more stringent proposals at Board of Directors and other meetings. We have a duty to ask questions and give opinions at Board of Directors meetings and the like regardless of past customs or issues, because sometimes what is called common sense within a company is just the opposite outside the company.

Nagashima: I agree with Mr. Sashida. Briefly, the role of an outside director is to identify and provide counsel on risks that company insiders may have difficulty recognizing. Beyond Board of Directors meetings, I also want to support growth in the future by expressing my candid opinions at venues such as the Nomination Committee regarding the cultivation of successors to and candidates for the position of President & CEO.

I myself am not in the position to act directly, but I would like to share my knowledge as a senior manager and help Sojitz to become an outstanding trading company among its peers.

Sashida: My role as an outside director is not just about keeping track of risk. I want to push Sojitz to take on appropriate challenges, and provide all the support I can. The balance of earnings allocated to fund future potential and to reward shareholders is particularly important. The essence of management is allocating resources to shareholder returns, to the creation of the environment and systems for employees, who are the greatest asset of a trading company, and to investment.

I want my relentless objectivity and candid opinions to support new possibilities that will enable further significant growth for Sojitz.

The Sojitz Group's Corporate Social Responsibility

Reporting Period and Scope of Coverage for "The Sojitz Group's Corporate Social Responsibility" (pages 69-80)

Reporting Period: The period for performance data is the year ended March 31, 2013 (April 1, 2012 to March 31, 2013), 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 global corporate citizen, the Sojitz Group seeks to continue creating the "new sources of wealth" set forth in the Sojitz Group Statement. These new sources of wealth are the broad economic, social and environmental value we provide through our business activities in partnership with our diverse stakeholders.

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 every Group employee is putting it into practice.

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.

System to Promote CSR

CSR Committee

The CSR Committee discusses important matters concerning the Sojitz Group's CSR. This executive committee is under the control of the President and CEO, and reports the proceedings of its meetings to the Board of Directors and the Management Committee.

As part of management's efforts to incorporate diverse stakeholder perspectives, the CSR Committee invited Masahiko Kon, a board member at Sumitomo 3M Limited, as a guest speaker in July 2012. Mr. Kon led a dialogue on the theme of "Using CSR Management to Address Change: Instilling Personnel with the Corporate Statement."

Initiatives to Promote CSR Awareness

CSR Seminars

We periodically hold seminars with guest experts to incorporate the views of stakeholders. In the year ended March 31, 2013, we held a seminar with the theme below.

Sixth Seminar	"Global Rules for Competitive Strategies: Linking CSR and Corporate Competitiveness by Setting Strategic Rules to Win in the Global Market" Guest speaker: Toshihiko Fujii, Consulting Fellow, Research Institute of Economy, Trade, and Industry

(The CSR Seminar has been an ongoing program since November 2009)

CSR e-Learning

We regularly conduct e-learning to communicate the Sojitz Group's CSR approach and initiatives to Group employees, and use questionnaire surveys to gauge their opinions to make future improvements. In the year ended March 31, 2013, we conducted two programs on the topics of "CSR in the supply chain" and "CSR through our businesses." The scope of e-learning courses was also expanded from Company employees to include employees at Group sites overseas as well as in Japan. Among the numerous opinions we received in the questionnaire responses were comments on the vital importance of CSR awareness.

Human Rights Initiatives

The Sojitz Group sets forth principles including respect for fundamental human rights in the Sojitz Group Code of Conduct and Ethics. The code has been prepared in 23 languages to promote understanding and implementation throughout our global operations. Moreover, we make clear our standards for appropriate working environments and prohibition of child labor and forced labor in the Sojitz Group CSR Action Guidelines for Supply Chains, and are working with our business partners on initiatives concerning human rights issues.

Please see page 74 for more details on CSR initiatives in supply chains.

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 is prepared along the lines of 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)

Notes:
1. The priority themes are subject to revision to reflect changes in the conditions surrounding the Sojitz Group.
2. In addition to the 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.

(Overseas Personnel)

Participants in global development programs for next leaders and professionals

67 in total

(Head Office Staff)

First overseas posting after joining the Company

Within 5 years

Stride 6

Implement the Global Human Resource Strategy

Up until 2012

Upgraded personnel and evaluation systems and training infrastructure

Objective: Build a New International Future

Sojitz's greatest asset is its people. As globalization accelerates, Sojitz is developing global human resources and creating systems to support their success.

Sojitz operates worldwide and has traditionally emphasized global human resources. We formerly relied on the ability of our global human resources to link international and domestic finance, products and services. We still need that ability today, along with the ability to create new value in cooperation with our global partners, who come from a wide range of backgrounds. Sojitz is concentrating on initiatives that meet its need for global human resources in this new era.

After the merger that created Sojitz, we went through a period in which we created the Company's fundamental systems and frameworks. Then, in November 2008, we initiated the first phase of the Global Human Resource Strategy. At that time, our overseas operating bases had a problem: local employees, whom we refer to as "national staff" (NS), accounted for more than 80% of the employees at our overseas operating bases, yet they were not sufficiently represented in management or fully utilized by their managing staff. NS understand regional needs and cultures and have networks in local communities. Promoting them to manager positions and improving the capabilities of our human resources are directly related to enhancing our competitiveness. We therefore developed a system for optimizing regional offices with NS and RS ("rotational staff" assigned from the head office), and implemented this system in each of our regions.

We began by reviewing personnel and evaluation systems and clarifying the criteria for promoting managers. We also developed a training system that deployed the expertise of the head office and each regional office around the world to arrange various training programs.

In particular, Sojitz has placed importance on training to cultivate the next generation of NS leaders. We formulated a plan for nurturing leader candidates, and have held the Global Next Leader Development

Starting from 2013

Second phase of the Global Human Resource Strategy begins

- Full-fledged global leader training
- Total of 48 participants in Short-term Overseas Trainee Program

Program (GNLD) three times since 2011. For the GNLD's two weeks of intensive training, the next generation of international leaders gathers at the head office in Tokyo, where they discuss Group-wide issues including vision, strategy and business judgment. Both participants and our regional offices have been very positive about the contribution the training makes to leader development.

Sojitz has also enhanced training for RS prior to deployment by introducing the Short-term Overseas Trainee Program, which provides one to six months of experience at overseas Group companies and regional offices. This system complements its predecessor, the Long-term Overseas Trainee Program (1-2 years overseas), as well as our language training and MBA study abroad programs. As a result, all young employees at the head office will gain overseas experience within five years of joining the Company. Employees who have acquired experience through these programs have a pronounced understanding of different cultures and diversity, which is essential for global business.

The Second Phase of the Global Human Resource Strategy

The foundation for the Global Human Resource Strategy is in place. At present, 15 national staff members are demonstrating their abilities as general managers at overseas operating bases.

However, the future is our priority. Initiatives up to now were only the first phase of our strategy. In the second phase, Sojitz will continuously develop global human resources based on a new system to increase our competitiveness. We are now accelerating initiatives more than ever before.

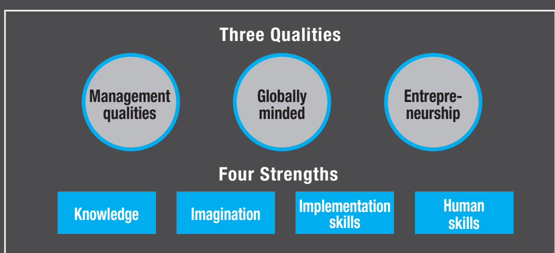
In addition to the GNLD, Sojitz launched the Global Professional Development Program (GPD) in the year ended March 31, 2013 to improve specialized skills and communication capabilities. We also plan to begin a Global Leader Development Program (GLD) for senior managers. Moreover, we are making systemic enhancements such as making internal information and communications bilingual, and constructing a global human resource database.

Global competition is growing fiercer. Sojitz therefore needs to further enhance the sophistication of its Global Human Resource Strategy to ensure competitiveness and sustainability.

Eijiro Izumi, Global HR Team Leader in the Human Resources & General Affairs Department states, "There is no finish line when it comes to developing human resources. That is why we will continue to develop people who can work together with our partners to create new value in a tumultuous world."

▶ The Global Human Resources That Sojitz Requires

Sojitz requires people that combine four strengths and three qualities with a deep understanding of our corporate philosophy and management vision. They have the ability to manifest those strengths, qualities and understanding to deliver added value to the Company and their organization in an international business environment. They also autonomously achieve objectives and cultivate themselves while positively influencing their subordinates and colleagues through their behavior, with the drive and desire to improve the entire organization.



Participation in the United Nations Global Compact

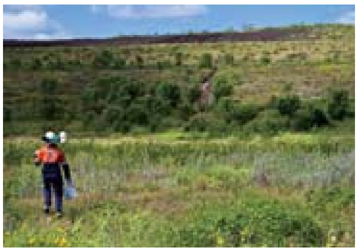
The United Nations Global Compact (UNGC) calls for businesses to exercise responsible and creative leadership as members of international society in working to realize sustainable growth. Businesses participating in the UNGC support ten principles in the areas of human rights, labor, the environment and anti-corruption, and practice these principles through their business activities. Sojitz endorsed and began participating in the UNGC in April 2009.

Environmental Protection and Social Contribution Initiatives in Mining Projects

In its mining development business, Sojitz gives due consideration to environmental protection, health and safety management, and contribution to local communities.

Mining development entails various risks, but we proceed with projects only after verifying that sufficient pollution and accident prevention measures are in place. This allows us to prevent risks before they materialize.

Even after the mine is in operation, we work to reduce environmental impact through measures such as mine rehabilitation. For example, at a Sojitz-owned open-cut coal mine in Australia, we keep the topsoil that is removed for mining. After the mining is finished, we use that topsoil to cover up the mined area and work to restore the land to its original condition by planting new vegetation. In addition, we work with surrounding communities to maintain the local ecosystem in ways such as supporting efforts to protect the bridled nail-tail wallaby, an endangered species.



Rehabilitation area

Contributing to the Global Society

Education Support Projects in Tanzania and Mozambique

The Sojitz Group is carrying out social contribution activities under the theme of education in cooperation with local communities in Africa.

Since 2010, Sojitz has collaborated with the international non-governmental organization Plan Japan* in supporting pre-school and primary school education in these local communities, which have acute educational needs. In addition to building classrooms, we are providing training for teachers and local residents on the importance of early childhood education. At a kindergarten in Tanzania, we built a water well to improve sanitation and provided equipment for gardening and poultry farming. This has also helped members of the community to increase their income through the sale of the vegetables grown on the site. Because these activities are led by local residents, they strengthen the community's ability to help itself.

Delighted children in front of a completed school building (Photo courtesy of Plan Japan*)

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

Support for Reconstruction after the Great East Japan Earthquake and Tsunami

The Sojitz Group is providing ongoing reconstruction support according to local needs, with an emphasis on "working toward a brighter future for people and communities."

Supporting Reconstruction through Our Business Activities

The processing plant of SOFCO Seafoods Inc., which was located in the town of Otsuchi, Iwate Prefecture at the time of the earthquake, incurred extensive damage from the disaster and was forced to suspend operations. The plant was later rebuilt in the city of Kamaishi in cooperation with the parties concerned, and resumed operations in March 2012. The rebuilding of this plant is contributing to the recovery of the core fishing industry of the coastal region, and is helping to create jobs, thus revitalizing the local community. SOFCO Seafoods is currently working to restore its earnings with a focus on flaked salmon, one of its main products.

Sojitz Reconstruction and Education Fund

The Sojitz Reconstruction and Education Fund was set up with approximately ¥500 million to provide aid to university students who had difficulty continuing their education because of the disaster. Through the fund, Sojitz plans to offer scholarships to more than 150 students over a five-year period from 2011. These scholarships helped to support the living and learning environments of 52 students in 2011 and 37 students in 2012.

Other Support Activities

Sojitz has introduced a system to assist employees who volunteer for reconstruction support, and conducts volunteer tours to the disaster region for Group employees. In addition, Sojitz has donated a total of 14 vehicles to the non-profit organization Tono Magokoro Net and the town of Otsuchi.

Sojitz Group Initiatives and ISO 26000

The table below outlines the Sojitz Group's CSR initiatives grouped into the seven core subjects of ISO 26000.*

* ISO 26000: International guidance on social responsibility issued by the International Organization for Standardization (ISO) in November 2010. It identifies seven core subjects regarding social responsibility that organizations should address to maximize their contribution to sustainable development.

ISO 26000 Core Subjects	Initiatives	Pages in Annual Report or on Website
Organizational Governance	In our organizational governance, we aim to make the Sojitz Group Statement a reality by incorporating feedback from stakeholders into our corporate culture and by building highly transparent, workable and ethical organizational and management structures.	A Message from President & CEO Yoji Sato... P4 Corporate Governance...... P57 Risk Management ...... P63 Compliance ...... P64-65 Participation in the United Nations Global Compact .. P72
Human Rights	Our corporate activities involve people around the world, each of whom has rights. Accordingly, we act with respect for human rights globally. In addition to our own activities, we believe it is important to involve our partners in the supply chain in human rights initiatives.	Compliance ...... P64-65 Human Rights Initiatives...... P69 Promotion of CSR Supply Chain Management.... P74 Promoting Diversity P79
Labor Practices	The Sojitz Group's employees are the source of its value creation. Our initiatives therefore include developing global human resources who can create new value together with our diverse business partners around the world, and working to strengthen the Group by promoting diversity.	Promotion of CSR Supply Chain Management.... P74 Implement the Global Human Resource Strategy .. P70-71 Promoting Diversity ...... P79 Promoting Work-Life Balance...... P79 Labor-Management Relations ...... Web
The Environment	Global environmental issues will impact the next generation and beyond. The Sojitz Group's corporate activities are also based on the environment. As a member of society, we therefore work to realize sustainable development that balances economic development with environmental protection.	Promotion of CSR Supply Chain Management ... P74-75 Promotion of Businesses That Contribute to Preventing Climate Change...... P76 Initiatives in Biodiversity ...... Web Environmental Management...... Web Environmental Impact Assessments for New Investments and Loans...... Web Initiatives in Our Offices...... Web
Fair Operating Practices	The Sojitz Group emphasizes contribution to society through its corporate activities in line with social rules. We believe that conducting fair business activities with our business partners around the world is essential to that effort, and therefore work to ensure compliance throughout our operations.	Compliance ...... P64-65 Enhancement of Anticorruption Measures ..... P65 Promotion of CSR Supply Chain Management... P74
Consumer Issues	As a trading company, we support sustainable consumption with initiatives to ensure product and service safety, fair marketing, energy saving and information disclosure in various business processes such as design of business models, procurement, manufacturing and sales.	Promotion of CSR Supply Chain Management... P74 Food Safety and Reliability—Initiatives of the Quality Assurance Office...... Web
Community Involvement and Development	We contribute to economic development in communities around the world through our corporate activities and work together with communities on social contribution programs aimed at sustainable development.	Promotion of Businesses That Contribute to the Advance of Developing and Emerging Countries...... P77-78 Contributing to the Global Society...... P72

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

Objectives of Initiatives

- **Diversify methods of communication with suppliers**
- **Strengthen on-site efforts in supply chains**

Basic Approach

CSR supply chain management is a priority for the Sojitz Group, which conducts business globally. We formulated the Sojitz Group CSR Action Guidelines for Supply Chains in April 2010 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.

To view the Sojitz Group CSR Action Guidelines for Supply Chains, go to http://www.sojitz.com/en/csr/approach/supply.html

Initiatives in the Year Ended March 31, 2013

Initiatives to Enhance Communication with Suppliers

To spur communication related to CSR in supply chains, we conduct regular surveys* based on the Sojitz Group CSR Action Guidelines for Supply Chains. In the year ended March 31, 2013, we surveyed a total of 194 suppliers of our four head office business divisions, five overseas bases (as of March 2013) and Group companies, and received 101 responses. None of the suppliers who responded said that there were significant problems that they could not resolve.

* The survey asks about the existence of policies for, and conditions of, human rights and labor, occupational health and safety, environmental protection, legal compliance and anti-corruption, product and service quality and safety management, and information disclosure.

Deepening Understanding with Visits to Suppliers

In the year ended March 31, 2013, Sojitz visited Vietnam Japan Chip Corporation Ltd. ("VIJACHIP"), which had responded to our CSR questionnaire survey, to exchange information face to face. The visit revealed no discrepancies with the questionnaire answers, and confirmed that VIJACHIP had devised numerous methods to improve safety.

Plans for the Year Ending March 31, 2014

To create opportunities to spur communication with a broader range of suppliers, we plan to diversify methods of communication in addition to conducting questionnaire surveys and exchanging information during visits. We will also enhance on-site initiatives in the supply chain to meet the expectations of our stakeholders.

A Supplier's View

Ensuring the safety of employees is the number-one priority of managers of manufacturing companies, followed by the environment. It is hard for a company to stay in business if it causes trouble for society. The concept of "safety first" is taken for granted in Japan, but establishing this concept at overseas sites requires repeated and sustained communication of its priority from management. Only then do employees realize the prime importance of safety, and eventually it becomes routine.

We will continue our efforts until "safety first" is taken for granted. The result will be a safe work environment for employees. I believe that is the first responsibility of managers.

Takafumi Matsumoto
President
Vietnam Japan Chip Corporation Ltd.

Safety is our number-one priority onsite. This commitment includes conducting unannounced inspections.

In most of the reforestation, an acacia hybrid is used to restore soil fertility. We are also considering mixed planting with other tree species in the future.

Woodchips are piled as high as 30 meters, and handling heavy machinery involves risks, so regular operational training is provided.

Posting the number of accident-free days in places where employees gather promotes greater safety awareness.

A CSR Supply Chain Management Perspective

Afforestation and Woodchip Production Business in Vietnam

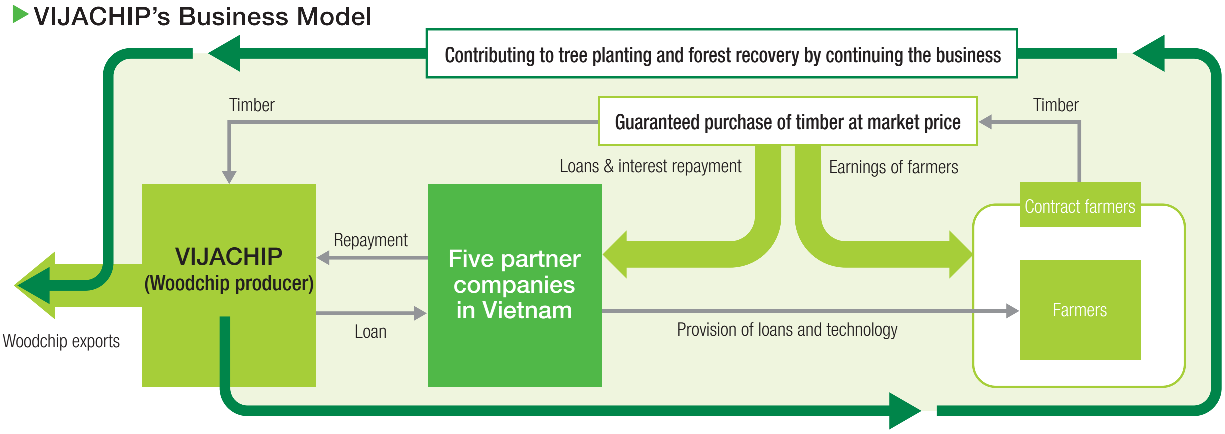
Is it possible to restore the forest while continuing to produce and sell woodchips? At first glance, these two actions appear to be in conflict. Sojitz reconciled the two through afforestation, taking a unique approach to CSR: VIJACHIP, an afforestation and woodchip production company in Vietnam. Our track record of sustained CSR efforts is exemplified here.

Awareness of CSR Supply Chain Management Passed Down to the Present and Future from the Time of the Company's Founding

Sojitz (formerly Nissho Iwai) entered the afforestation and woodchip production business in 1993 when it established VIJACHIP with five state-run forestry companies in Da Nang in response to a request from the government of Vietnam for cooperation in restoring forests and creating employment. At the time, the effects of war and traditional slash-and-burn agriculture had reduced forested land to 29% of Vietnam's total area, compared to 43% in 1943. Restoring the forests of degraded land was an environmental issue.

VIJACHIP therefore began providing loans to promote the independence of tree plantation operators. Going beyond making loans to farmers, the company developed an original business model to promote sustainable plantations that included furnishing tree-planting technology and guaranteeing purchases of timber from the plantations. By maintaining this business, VIJACHIP succeeded in planting a total of 13,062 hectares by 2001 and created jobs for about 500,000 people a year.

▶VIJACHIP's Business Model



A Founding Member's View

"Our work is meaningless unless everyone involved in the business is happy." That business spirit has been handed down since VIJACHIP was established.

Operating a woodchip manufacturing company is not feasible without a stable supply of timber from farmers. It was essential to create a structure that would bring benefits to farmers in the same supply chain as our efforts to secure stable timber supplies and continue restoring forests through the expansion of tree planting.

Tadahiro Kinoshita
Vice President for Foods Resources
Consumer Lifestyle Business Division

A Manager's View

Leveraging the network of contacts in Vietnam built by our predecessors, we will tirelessly work to meet the expectations of our business partners and other stakeholders. I am convinced that this attitude is what has enabled us to continue this business for twenty years.

A commitment to meeting the needs of others will continue to drive us forward. By transforming that commitment into action, we will build a lot of trust among stakeholders that Sojitz can fulfill their wishes. I hope that this trust leads to the continuation of this business as well as the creation of new business opportunities.

Yoshitaka Takao
Section Manager, Paper Material Section
Forest Products Department, Consumer
Lifestyle Business Division

Promotion of Businesses That Contribute to Preventing Climate Change

Objectives of Initiatives

▶ **Promote the green chemical business**

▶ **Focus on renewable energy and related businesses**

Basic Approach

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

Initiatives in the Year Ended March 31, 2013

Accelerating Efforts in the Green Chemical Business

A shift is taking place to plant-based plastics from conventional petroleum-based plastics. Bioplastics have attracted considerable attention in recent years as a new material that can help alleviate global warming by reducing fossil fuel consumption. The Sojitz Group was quick to focus on and is taking various initiatives in the green chemical business, which encompasses plant-derived chemical products and plastic raw materials.

In July 2012, Sojitz Pla-Net Corporation acquired the exclusive sales rights for green polyethylene, a bioplastic resin made by Braskem, the largest chemical manufacturer in South America. Sojitz Pla-Net has begun sales of the product in the Asia-Pacific region in addition to Japan.

Derived from sugar cane, green polyethylene can be considered carbon neutral because the sugar cane absorbs CO_2 when it is growing, and thus there are no net CO_2 emissions when it is burned as waste. As a result, green polyethylene can reduce CO_2 emissions by as much as 70% compared with conventional petroleum-based polyethylene even when emissions from manufacturing and transportation are taken into account. Another advantage is that the blackstrap molasses remaining after the sugar is extracted from the sugar cane syrup is the actual raw material used, so the problem of competition with food resources does not arise.

Sojitz has entered into a strategic alliance with U.S.-based Myriant Corporation, which holds many biochemical manufacturing patents, to manufacture and sell bio-succinic acid, an intermediate material that plays a key role in converting various conventional resins into biobased products. We are currently mass-producing and developing applications for bio-succinic acid in Asia (Japan, China, Korea and Taiwan).

In addition, Sojitz Pla-Net has formed a tie-up with Synbra Holding bv of the Netherlands to market Synbra's plant-derived heat-resistant bioresin Synterra® in Asia.

Plans for the Year Ending March 31, 2014

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

An Employee's View

Green chemicals are still a minor market, and the level of social recognition is low. However, we are undertaking projects with processors, end users, related government ministries and agencies, and industry organizations that share a common goal: To determine how to widen the market for green chemicals and create a society in which sustainability is a given.

Creating new markets and new social paradigms is the job of a general trading company. Promoting green chemical projects is therefore the very essence of our work, and we take pride and pleasure in doing it.

Jun Oyagi
Packaging Materials
Dept. No. 1
Sojitz Pla-Net Corporation

The Sojitz Group's CSR Priority Themes

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

Objectives of Initiatives

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

Basic Approach

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 for developing and emerging countries* to advance and grow. Sojitz conducts businesses in various fields that help to resolve social issues.

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

Initiatives in the Year Ended March 31, 2013

First-Ever Desalination Project in Sub-Saharan Africa

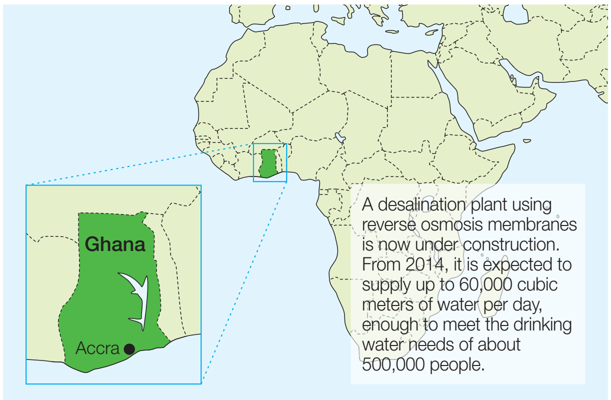
Worldwide demand for water has been steadily expanding, driven by economic growth, rising populations, urbanization, improving standards of living and changing lifestyles. Securing water resources is therefore becoming an increasingly important global challenge.

Against this backdrop, Sojitz began participating in a desalination project in the Republic of Ghana in central West Africa in October 2012. In partnership with one of Spain's largest water companies, Sojitz will build and operate the plant, which will begin supplying drinking water to the capital city of Accra in 2014. This is the first desalination project in Sub-Saharan Africa, and is also the first such project invested in by a Japanese company.

With a population of 24 million, Ghana suffers from an acute water shortage. In Accra, where 4 million people are concentrated, the supply of water meets only about half of demand. The urgent need for safe drinking water has been underscored by events such as a cholera outbreak in various regions at the end of 2010. The desalination project is aimed at alleviating this situation, and is expected to supply up to 60,000 cubic meters of water per day, enough to meet the drinking water needs of about 500,000 people.

An enormous amount of water exists on Earth, but rivers, lakes and other sources of freshwater that humans can consume make up only 0.01% of that. Seawater accounts for 97.5%. Desalination, which turns this seawater into precious freshwater, is seen as a trump card for solving the global water shortage. Demand has therefore expanded rapidly. Desalination plants that use reverse osmosis membranes require little energy to produce water, and are an area in which Japan can apply its world-renowned technological prowess. Sojitz plans to actively participate in desalination projects, primarily in Africa and the Middle East.

Desalination Project in Ghana



The desalination plant under construction

Initiatives to Improve Electric Power Supply in Asia

Driven by high economic growth, demand for electric power in Asia continues to increase at a much faster rate than the global average. Ensuring stable supplies of power has become a major issue.

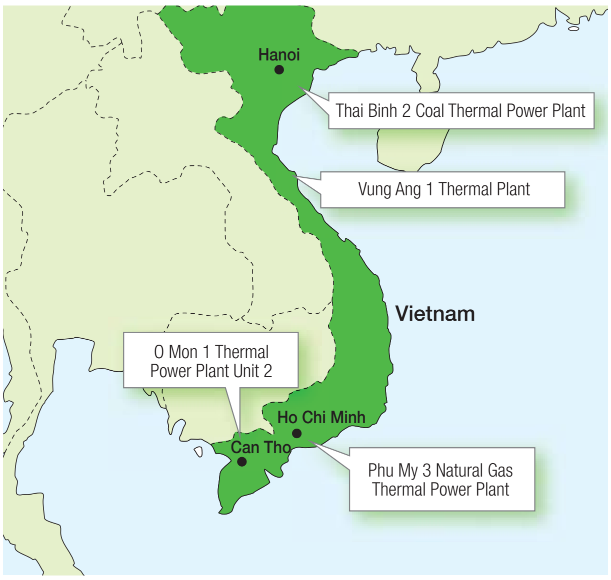
To address this situation, Sojitz is focusing efforts in power generation, and in the year ended March 31, 2013, won consecutive orders for two large-scale power generation projects in Vietnam. These projects will contribute to stable power supplies to meet demand in Vietnam, which is increasing by about 15% annually.

The first order was in May 2012 from Vietnam's state-owned oil company Petrovietnam for Thai Binh 2, a 1,200 MW coal thermal power plant to be built in Thai Binh province in northern Vietnam. This will be among the largest power generation projects in Vietnam.

The second order was in August 2012 from Vietnam's national power company Vietnam Electricity for O Mon 1, a 300 MW thermal power plant to be built in Can Tho City in southern Vietnam. Both power plants are expected to come on line in 2015.

Sojitz is also focusing on other power generation projects in Vietnam that contribute to improving the country's infrastructure, including investment in Phu My 3, an IPP project.

▶ Main Power Generation Projects in Vietnam That Sojitz is Working On



Developing Fair Trade Certified Products

"We want to practice responsible manufacturing while considering the environment. We want to contribute to the advancement of developing countries through Fair Trade." Those aspirations led to Sojitz Group company Daiichibo Co., Ltd.'s decision to participate in Fair Trade.

FAIRTRADE Certified Cotton

FLO certification label

In January 2013, Daiichibo obtained a Fairtrade certification (registration) and license under the standards set by Fairtrade Labelling Organizations International (FLO), becoming the first integrated manufacturer of textiles in Japan to be registered as a manufacturer of Fairtrade-certified products.

FLO-certified Senegal cotton raw meterial

Fair Trade is a trade system aimed at improving the lives and establishing the autonomy of producers and workers in developing countries through the continuous purchase of raw materials and products from those countries at fair prices.

Daiichibo uses FLO-certified cotton from Senegal, which is strong and pliable, in integrated production from spinning to sewing at its own factories. The company plans to expand the use of Fair Trade cotton in its products, which include T-shirts, reusable shopping bags and undergarments.

Plans for the Year Ending March 31, 2014

Sojitz is engaged in businesses in various fields that contribute to the solutions required for developing and emerging countries to advance and grow.

One area in particular need of solutions is economic and social infrastructure improvement. Besides the desalination and power generation projects mentioned earlier, we are expanding our presence in areas such as industrial park development and operation, freight railway line construction and distribution service projects.

In addition, we will provide stable supplies of coal, grain, feed materials, fertilizers and other commodities to meet demand for energy and food, which is rising in conjunction with economic growth. We will also support industrial development by expanding our supply of basic materials such as industrial salt and methanol. Through these businesses, we will contribute to the sustainable growth of developing and emerging countries.

An Employee's View

When I travel to Ghana on business, there is something I think about whenever I wash my hands or brush my teeth: A few years from now, hundreds of thousands of people in Ghana will be using water created by our business. I feel a great responsibility, and at the same time a desire to continue to do as much as possible to help people around the world through this business.

Shoichi Fujita
Power & Environmental Infrastructure Department
Machinery Division

The Sojitz Group's CSR Priority Themes

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

Objectives of Initiatives

- **Respond to globalization and diversity**
- **Develop and introduce effective systems and measures that enable employees to fully utilize their talents**

Basic Approach

The Sojitz Group's growth depends on its employees. We want to make Sojitz a rewarding company to work for and to create fulfilling workplace environments. Accordingly, we have established personnel systems and workplace environments that enable all employees to utilize their talents.

Initiatives in the Year Ended March 31, 2013

Making Sojitz a Rewarding Company to Work For

The Employees Sojitz Needs (Globally Minded Employees)

The ideal Sojitz employee has four strengths (knowledge, imagination, implementation skills and human skills) and three qualities (management qualities, globally minded and entrepreneurship). He or she understands the diverse values of business partners and communities, and is able to work with them to build new value.

Various Training Programs

Sojitz provides employees with the various types of training necessary to carry out business activities. In response to globalization, which has accelerated in recent years, Sojitz has introduced a program to give all young employees at the head office one to six months of practical business experience overseas within their first five years. Other programs include a professional development program in which overseas executive candidates undergo intensive training at the head office.

Job Rotation and Internal Recruiting Systems

Sojitz has established programs to promote the professional growth of employees and broaden their career path. One example is the job rotation system, which allows employees to acquire and utilize broad knowledge and experience, while simultaneously energizing the organization. Other programs include the internal recruiting system that we introduced in the year ended March 31, 2006.

Creating Fulfilling Workplace Environments

Promoting Diversity

Sojitz is focusing on diversity as a way of furthering the success of employees and creating new perspectives. The head office has begun hiring recent non-Japanese graduates of overseas universities to bring in global talent, and is conducting management career-track training for women to support the success of female employees. In the year ended March 31, 2012, Sojitz established a new company to promote employment of people with disabilities. This company is certified as a special subsidiary under the Act on Employment Promotion of Persons with Disabilities.

Promoting Work-Life Balance

Sojitz has established support systems to enable employees to balance work with child and nursing care. Child care systems include extended child care leave, shortened work hours and a program to facilitate a return to work after child care leave. Sojitz has received certification from the Ministry of Health, Labour and Welfare as a company that supports raising the next generation. In addition, Sojitz 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.

Plans for the Year Ending March 31, 2014

The key concepts of Medium-term Management Plan 2014 are a globally oriented personnel strategy and diversity that empowers individual employees and leads to creation of new perspectives. Sojitz will continue to emphasize these concepts in the year ending March 31, 2014 to create personnel systems and workplace environments that enable all Sojitz employees to fully utilize their talents regardless of characteristics such as race, nationality, gender or age.

An Employee's View

At present, I am working with the Global HR Team at the Sojitz head office in Tokyo, on assignment from Sojitz Europe (London office). I am heavily involved with the Company's various global HR initiatives such as hiring new graduates for the head office from top universities in Asia and organizing training here for overseas staff. I am also involved in increasing cultural awareness, business skills and language skills both at the head office and overseas by providing a wide variety of training opportunities.

It is very exciting to be working in Human Resources in Tokyo, as the pace of change is very rapid. Also, it has been a great opportunity to develop close working relationships with my colleagues.

David Williams
Human Resources & General Affairs Dept.
(on assignment from the London office of Sojitz Europe)

Environmental and Social Data

▶ Environmental Data

	Unit	Year Ended March 31, 2011	Year Ended March 31, 2012	Year Ended March 31, 2013
Electricity consumption[1]	Thousand kWh	4,538	4,026	4,356[2]
CO_2 emissions[1, 3]	t-CO_2	2,341	2,433	2,256
Total office floor area[1]	Thousand m^2	42.8	41.5	42.0
CO_2 emissions per square meter[1]	t-CO_2	54.8	58.7	53.7
CO_2 emissions from distribution[4]	t-CO_2	10,400	9,510	8,380
Waste generated[5]	t	365	371	392[6]
Waste recycled[5]	t	262	295	304
Amount of disposal[5]	t	103	75	88
Recycling rate[5]	%	72	80	78

Notes: 1. Scope of data: Head office, Osaka Office (building entirely owned by Sojitz Corporation), Hokkaido Branch, Tohoku Branch and Nagoya Branch of Sojitz Corporation. Includes electricity consumed by air conditioning, which has been verifiable since the relocation of the head office in March 2013.
2. 3,599 thousand kWh, excluding electricity consumed by air conditioning
3. 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, 2013 uses the CO_2 emissions coefficient for the year ended March 31, 2012. Coefficients used for city gas and district heating and cooling are as specified by the Act on the Rational Use of Energy.
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 (building entirely owned by of Sojitz Corporation)
6. Total waste generated was 777 tons including waste generated by relocating the head office and other activities other than regular office activities. Total waste generated increased year on year due to the impact of the head office relocation.

▶ Social Data

	Year Ended March 31, 2011	Year Ended March 31, 2012	Year Ended March 31, 2013
Total employees taking child care leave	10	15	14
(Male)	2	2	4
(Female)	8	13	10
Percentage of annual paid holidays taken (%)	41.0	45.5	37.0
Percentage of disabled employees (%)	1.8	2.0	2.1
Total employees[1]	2,254	2,256	2,240
(Male)	1,815	1,806	1,787
(Female)	439	450	453
Average employee age[1]	41.4	41.5	41.8
(Male)	41.2	41.9	42.3
(Female)	39.6	39.9	39.8
Average years of employee service	14.6	14.6	14.9
(Male)	14.8	14.8	15.3
(Female)	14.3	13.6	13.4
Turnover rate (%)	2.6	2.4	2.7
Total new graduates hired	56	54	60
(Male)	39	34	37
(Female)	17	20	23
Employees union membership rate (%)	64	63	63
Persons receiving training (cumulative total)	approx. 9,500	approx. 8,000	approx. 8,900
Hours of training	approx. 33,000	approx. 33,000	approx. 37,000
Average hours of training per employee[2]	approx. 15	approx. 15	approx. 17
Employees using volunteer support system	–	83	20
Employees taking leave to volunteer	–	17	7
Supplier questionnaires conducted[3]	56	214	194

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 74, "Promotion of CSR Supply Chain Management" for details regarding the number of supplier questionnaires conducted.

Organization

Organization Chart (As of July 1, 2013)

- 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

- Secretariat Dept.
- Public Relations Dept.
- Regional Coordination & Administration Dept.
- Asset Management Dept.
- Investment Management Dept.
- Corporate Accounting Dept.
- Finance Dept.
- Forex & Securities Dept.
- Internal Audit Dept.
- Internal Control Administration Dept.
- IT Planning Dept.
- Risk Management Planning Dept.
- Risk Management Dept. 1
- Risk Management Dept. 2
- Legal Dept.
- Corporate Planning Dept.
- Logistics & Insurance Dept.
- Investor Relations Office
- Structured Finance Dept.
- Human Resources & General Affairs Dept.

Machinery Division

• Planning & Administration Office
• IT Business Dept.

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

Infrastructure Project & Industrial Machinery Unit
• Power & Environmental Infrastructure 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

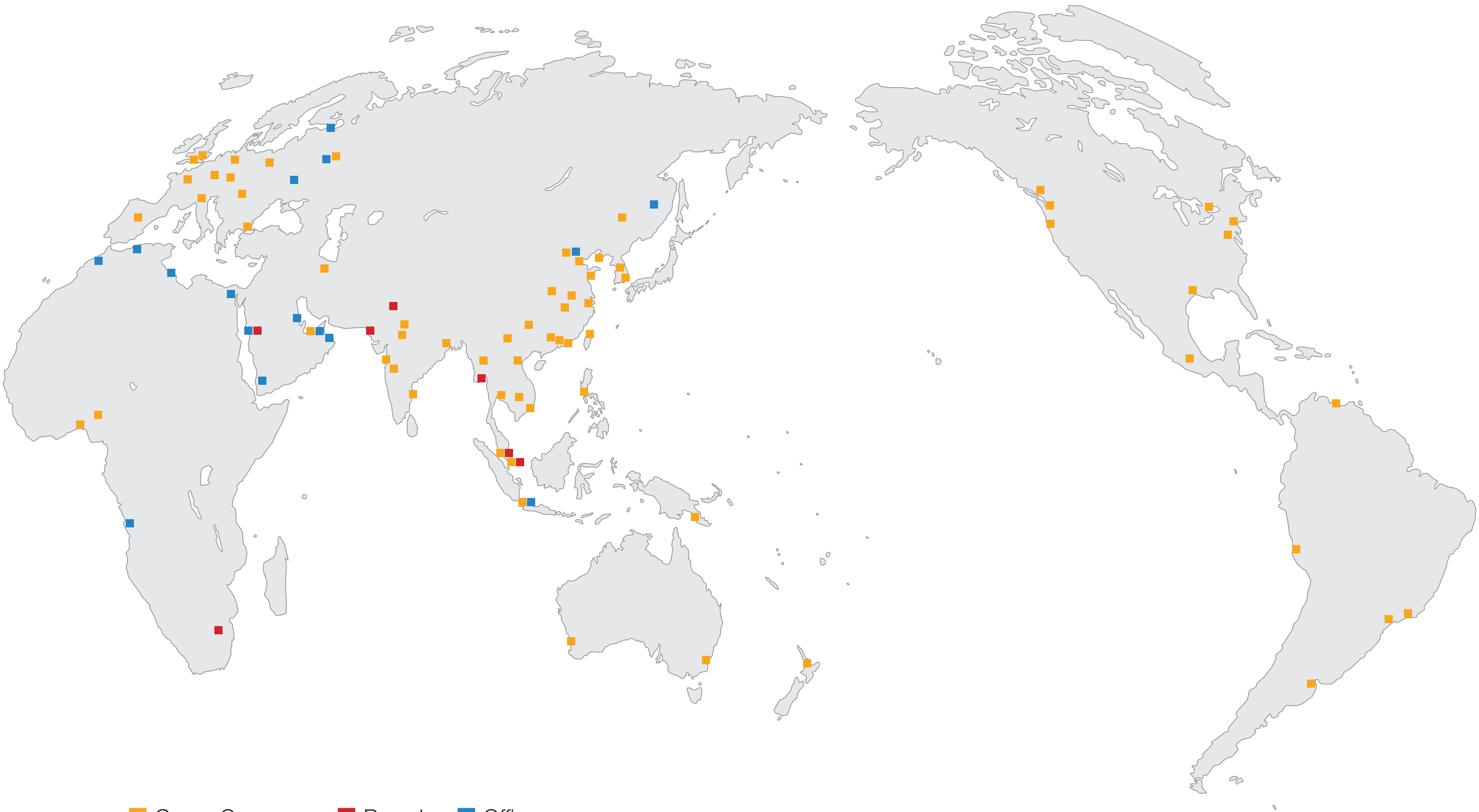
• Planning & Administration Office
• Controller Office

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 Dept.

Principal Operating Bases (As of July 1, 2013)



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
Tianjin	Sojitz (Tianjin) Co., Ltd.
Wuhan	Sojitz (China) Co., Ltd., Wuhan Office
Xi’an	Sojitz (China) Co., Ltd., Xi’an Office

ASIA & OCEANIA

Australia	
Perth	Sojitz Australia Ltd., Perth Branch
Sydney	Sojitz Australia Ltd.
Cambodia	
Phnom Penh	Sojitz Asia Pte. Ltd., Phnom Penh Office
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
Gurgaon	Sojitz India Private Ltd., Gurgaon Office
Indonesia	
Jakarta	PT. Sojitz Indonesia
	Sojitz Corporation, Jakarta Liaison Office
Korea	
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
Nay Pyi Taw	Sojitz Corporation, Yangon Branch, Nay Pyi Taw Office
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
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, AFRICA, MIDDLE EAST, RUSSIA & NIS

Algeria	
Algiers	Sojitz Corporation, Alger Liaison Office
Angola	
Luanda	Sojitz Corporation, Luanda Liaison Office
Czech Republic	
Prague	Sojitz Europe plc, Prague Office
Egypt	
Cairo	Sojitz Corporation, Cairo Liaison 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

Principal Operating Bases

Iran	
Tehran	Sojitz Corporation Iran Ltd.
Italy	
Milan	Sojitz Europe plc, Milan Branch
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
Poland	
Warsaw	Sojitz Europe plc, Warsaw Office
Russia	
Khabarovsk	Sojitz Corporation, Khabarovsk Liaison Office
Moscow	Sojitz LLC
	Sojitz Corporation, Moscow Liaison Office
Saint-Petersburg	Sojitz Corporation, Saint-Petersburg 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
Spain	
Madrid	Sojitz Europe plc, Madrid Branch
Turkey	
Istanbul	Sojitz UK plc, Istanbul Branch
U.A.E.	
Dubai	Sojitz Middle East FZE
	Sojitz Corporation, MEA Office
U.K.	
London	Sojitz Europe plc
	Sojitz UK plc
Ukraine	
Kyiv	Sojitz Corporation, Kyiv Representative Office
Yemen	
Sanaa	Sojitz Corporation, Sanaa Liaison Office

Main Subsidiaries and Associates (As of July 1, 2013)

◆ Consolidated subsidiary ◆ Equity-method associate

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 Sawada Power Co., Ltd.	98.15%	Thermal power generation in Sadogashima
	◆ 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
	◆ 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.	73.96%	Service of Fuji Machine surface-mounting machines
Philippines	◆ 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	◆ 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

Main Subsidiaries and Associates

Country	Company	Group Ownership	Main Business
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 Mitsubishi automobiles
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.	100.00%	Import and assembly of Mitsubishi and Mitsubishi Fuso Truck & Bus vehicles
EUROPE, AFRICA, MIDDLE EAST, 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
U.A.E.	◆ Blue Horizon Power International Limited	100.00%	Investment in power generation projects
U.K.	◆ Solar Mixdorf Ltd.	100.00%	Investment in solar power generation projects
Ukraine	◆ Subaru Ukraine LLC	100.00%	Import and exclusive distribution of Subaru automobiles in Ukraine

ENERGY & METAL DIVISION

Country	Company	Group Ownership	Main Business
JAPAN	◆ e-Energy Corporation	100.00%	Sale of nuclear fuel and equipment
	◆ Japan-Brazil Niobium Corporation	25.00%	Investment and management of Niobium producing company (2.5%)
	◆ LNG Japan Corporation	50.00%	LNG business and related investments
	◆ Metal One Corporation	40.00%	Integrated steel trading company
	◆ Nissho Petroleum Gas Corporation	22.50%	Sale and distribution of LPG, LNG and petroleum products
	◆ Qatar Petroleum Development Co., Ltd.	25.00%	Oil development in the 1SE Block, Offshore Qatar
	◆ Sojitz Ject Corporation	100.00%	International and domestic trade and sale of coke, carbon materials, petroleum products, and LPG
	◆ Tokyo Yuso Co., Ltd.	100.00%	Tank storage operations and distribution of petroleum, edible oil 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 production business
ASIA & OCEANIA			
Australia	◆ Japan Alumina Associates (Australia) Pty. Ltd.	50.00%	Investment in Worsley alumina refinery (5%)
	◆ Sojitz Coal Resources Pty. Ltd.	100.00%	Investment in coal mines (Jellinbah East, Minerva, Lake Vermont and other projects)
	◆ Sojitz Moolarben Resources, Pty. Ltd.	100.00%	Investment in Moolarben coal mine (10%)
	◆ Sojitz Resources (Australia) Pty. Ltd.	100.00%	Investment in Worsley alumina refinery (4%)
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%	Trading of crude oil and petroleum products

Country	Company	Group Ownership	Main Business
THE AMERICAS			
Brazil	◆ Albacora Japao Petroleo Limitada	50.00%	Finance for oil development in the Albacora oil field
Canada	◆ Cariboo Copper Corporation	50.00%	Investment in Gibraltar copper-molybdenum mine (12.5%)
	◆ Sojitz Moly Resources, Inc.	100.00%	Investment in Endako molybdenum mine (25%)
	◆ Sojitz Tungsten Resources, Inc.	100.00%	Investment in Portuguese tungsten mining company Sojitz Beralt Tin & Wolfram (Portugal) S.A. (100%)
U.S.A.	◆ Sojitz Energy Venture, Inc.	100.00%	Oil and natural gas development in the U.S.
	◆ Sojitz Noble Alloys Corporation	100.00%	Investment in U.S. vanadium mining company Strategic Minerals Corporation (21.24%)
	◆ Trans World Prospect Corporation	28.57%	Investment in bentonite mining operation
EUROPE, AFRICA, MIDDLE EAST, RUSSIA & NIS			
U.K.	◆ Sojitz Energy Project Ltd.	100.00%	Oil and natural gas development in the North Sea
	◆ Sojitz Etame Ltd.	100.00%	Oil development in the Etame Marine Block, Gabon (5.8%)
	◆ Sojitz Oil & Gas (Egypt) Ltd.	100.00%	Oil development in the Alamein & Yidma oil field, Egypt (40%)

CHEMICALS DIVISION

Country	Company	Group Ownership	Main Business
JAPAN	◆ Atsugi Plastics Co., Ltd.	20.00%	Manufacture and sale of plastic packing for foods
	◆ 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
	◆ NI Chemical Corporation	100.00%	Warehousing (chemical tanks) business, import/export shipping service
	◆ 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.	19.26%	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
	◆ 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
	◆ 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
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
	◆ Sojitz Plastics America Inc.	100.00%	Sale of nylon film and plastic resins
Mexico	◆ CPC Sojitz Mineria, S. De R.L. De C.V.	49.00%	Mining, processing, and sales of high-purity Barite
EUROPE, AFRICA, MIDDLE EAST, 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	31.91%	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
	◆ 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

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
	◆ 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
India	◆ Motherson Auto Solution Ltd.	34.00%	Development, management and operation of industrial park
Indonesia	◆ PT. Puradelta Lestari	25.00%	New city development including industrial parks
	◆ PT. Sojitz Sabindo Aquaculture	78.46%	Shrimp hatching, cultivation, processing, and export
Malaysia	◆ Sojitz Forest Products (EM) Sdn. Bhd.	100.00%	Sale of timber products and plywood
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
	◆ Long Duc Investment Co., Ltd.	44.18%	Development, management and operation of industrial park
	◆ The Long Binh Industrial Zone Development Ltd.	60.00%	Development, management and operation of industrial park
	◆ 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
EUROPE, AFRICA, MIDDLE EAST, RUSSIA & NIS			
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 ALVE shopping centers based in Akita Prefecture
	◆ FRC Corporation	55.75%	Ownership, leasing, management and operation of FRC Building
	◆ Fukuoka Energy Communication	50.21%	Heat supply for Hotel New Otani Hakata and Sun Selco Building
	◆ NM life Corporation	50.00%	Ownership and operation of Joy Stage Hachioji private nursing home
	◆ Sojitz Business Support Corporation	100.00%	Office support for human resources and general affairs in Sojitz Group companies
	◆ 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 New Urban Development Corporation	100.00%	Development and sales of newly built condominiums, commissioned sales of housing supplied by other companies, consulting and brokerage of real estate, property management of offices and residences, and development and management of large-scale commercial complexes
	◆ 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 Kajo Central Building (Yamagata Prefecture)
CHINA			
Hong Kong	◆ Sojitz Insurance Brokers (HK) Ltd.	100.00%	Insurance broker
EUROPE, AFRICA, MIDDLE EAST, RUSSIA & NIS			
Netherlands	◆ Sojitz Aircraft Leasing B.V.	100.00%	Aircraft operating lease

Financial Section

Increase in total equity (March 31, 2013 vs. March 31, 2012)

¥52.6 billion

Stride 7
Intensify Financial Strategies

2012
Achieved financial soundness goals

Instilling Balance-sheet-based Management

Balance-sheet-based management is a key phrase that comes up repeatedly as Sojitz executes its strategies. The income statement is an outcome; our asset portfolio determines how much income we generate. We are not fixated on short-term earnings. Instead, we emphasize a quality asset portfolio that generates favorable results over the medium to long term. This perspective is essential to ensure the future value of a going concern, especially a trading company.

Chief Financial Officer Yoshio Mogi uses the example of a hen and an egg when explaining balance-sheet-based management at venues such as employee training. The egg is the profit, the hen is the asset. Producing many more eggs than needed weakens the hen. The hen must be strong and healthy in order to steadily produce eggs over the long term. While awareness and control of asset quality are key points for management, CFO Mogi believes that ongoing Company-wide efforts to raise awareness have made employees conscious of balance-sheet-based management.

Sojitz has been rigorously quantifying risk in managing its assets over the past several years. For example, we reduced inventory by approximately ¥110.0 billion during the previous medium-term management plan, Shine 2011, after reviewing optimum inventory levels. We also significantly reduced volatile shareholdings after revising ownership criteria. As a result, the net debt equity ratio (DER) improved from 2.7 times as of March 31, 2009 in the aftermath of the 2008 financial crisis to 2.0 times as of March 31, 2012 and 1.7 times as of March 31, 2013. Thus we further enhanced the soundness of our financial foundation.

Net DER (March 31, 2013 vs. March 31, 2012)

0.3 percentage point improvement

2013

Introduced IFRSs

Reforms That Help Us Capture Important Opportunities

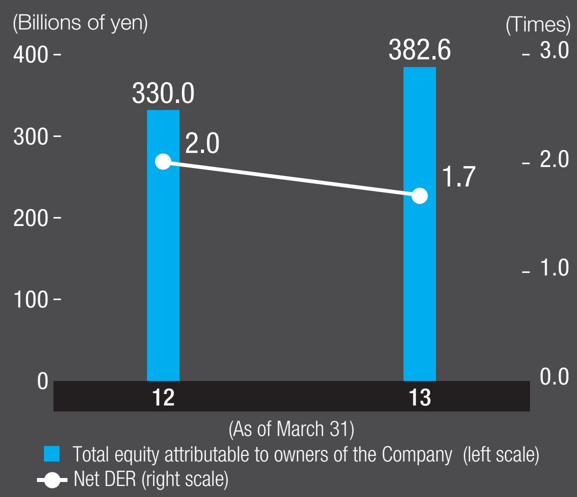
At the same time, increasing total equity is a major financial issue for Sojitz. The strong yen and weak stock prices of the past several years weakened our total equity. Our goal of generating growth in emerging countries requires us to hold a certain amount of emerging country currency, but until now negative foreign currency translation adjustments have been substantial. We need to smooth this volatility by further raising the sophistication with which business divisions manage their level of foreign currency holdings while increasing total equity by generating earnings. Sojitz has focused on strict balance sheet management, including foreign currencies, and on strengthening its earnings foundation. Since the inauguration of a new government in Japan in December 2012, the U.S. economy has recovered while Japan's economy has experienced a turnaround supported by a weaker yen and higher stock prices. As of March 31, 2013, total equity exceeded our plan at the start of the fiscal year, increasing ¥52.6 billion from a year earlier to ¥382.6 billion, partly because of the earnings each division generated.

Our early adoption of International Financial Reporting Standards (IFRSs) for the annual securities report for the year ended March 31, 2013 is another part of our financial reforms. This change in reporting will help investors achieve a proper understanding of Sojitz and improve convenience. In addition, a consistent accounting standard will expedite the establishment of joint ventures and the due diligence process in our international operations.

Under Medium-term Management Plan 2014, we aim to transform Sojitz into a company that can take bigger risks by fundamentally strengthening our earnings and finances, which will enable the next phase of growth. We are making significant progress in the core theme of asset replacement, and asset quality is improving. Despite sharp decreases in resource prices and other major changes in the assumptions underlying new investments and loans, we have positive expectations for our investment and loan plan because of the timely revisions we have made.

Sojitz will continue to intensify its initiatives to raise asset quality and further strengthen its financial foundation.

▶ Total Equity Attributable to Owners of the Company



A Message from CFO Yoshio Mogi

We will steadily promote reforms to increase asset quality and enhance total equity to be a company that can grow continuously over the next 50 and 100 years.

Senior Managing Executive Officer, CFO
Senior Management of Finance & Accounting, Risk Management, Corporate Accounting, Finance, Forex & Securities

Yoshio Mogi

Under Medium-term Management Plan 2014, we aim to enhance corporate value by increasing profitability without changing the scale of assets and by building total equity to ensure the strength needed for aggressive initiatives. In other words, the key to achieving our plan will be raising asset quality through asset replacement.

During the year ended March 31, 2013, the first year of Medium-term Management Plan 2014, changes in our operating environment such as slower growth in China and a sharp drop in energy and mineral resource prices resulted in a downward revision of our initial earnings plan. Total equity attributable to owners of the Company improved substantially, backed by earnings, the recovery in stock prices and the weaker yen. Asset replacement progressed successfully as we compressed assets and recovered capital according to plan and recognized lower charges to income than initially expected. However, new investments and loans were slightly behind schedule on a cash basis because of the influence of the changing external operating environment. We set ROA of 2% or higher as a financial target when we formulated Medium-term Management Plan 2014. We are not quite there yet, which makes the acquisition of quality assets an even more important issue going forward. Our outlook for the fund procurement environment is positive because we have enhanced the soundness of our finances. Given the recent weakening of the yen, we will energetically procure funds in both foreign currencies and yen to accelerate investments and loans. Moreover, risk factors are becoming more diverse. For example, we are dispatching more people to investees because the number of business investment projects for new investments and loans is increasing. We therefore need to concentrate further on cultivating human resources.

Replacing assets to enhance portfolio quality and cultivating human resources to transform ourselves into an even stronger company will enable us to make our businesses larger and more appealing, which will attract more quality employees. Sojitz will continue to grow over the next 50 and 100 years if we can create this virtuous cycle.

Our role is to move this process forward, even if only a step or two. Sojitz will steadily transform itself to increase corporate value in the future.

Financial Summary

For the years ended March 31, 2013, 2012, 2011, 2010 and 2009

	Millions of yen						Thousands of U.S. dollars
	2013 (IFRSs)	2012 (IFRSs)	2011 (IFRSs)	2011 (Japanese GAAP)	2010 (Japanese GAAP)	2009 (Japanese GAAP)	2013 (IFRSs)
Operating Results:							
Net sales (Total trading transactions) (Note 2)	¥3,934,456	¥4,321,734	—	¥4,014,640	¥3,844,418	¥5,166,183	$41,855,914
Revenue	1,747,750	2,006,649	—	—	—	—	18,593,085
Gross profit	187,245	217,066	—	192,725	178,203	235,618	1,991,968
Profit before tax	28,052	58,457	—	39,312	18,895	37,071	298,425
Profit for the year (Attributable to owners of the Company)*	13,448	(1,040)	—	15,982	8,794	19,001	143,063
Core earnings (Note 3)	38,395	65,812	—	41,891	14,424	48,347	408,457
Net cash provided by operating activities	55,124	88,723	—	67,863	107,223	103,729	586,425
Net cash provided by (used in) investing activities	(11,652)	(42,280)	—	(19,903)	28,439	(17,198)	(123,957)
Net cash used in financing activities	(56,177)	(29,530)	—	(72,054)	(102,597)	(5,958)	(597,627)
Free cash flow	43,471	46,443	—	47,960	135,662	86,531	462,457
Balance Sheet Data (As of March 31):							
Total assets	¥2,150,050	¥2,190,692	¥2,170,145	¥2,116,961	¥2,160,919	¥2,312,958	$22,872,872
Total equity attributable to owners of the Company*	382,589	329,962	346,285	330,028	352,627	318,991	4,070,095
Total equity*	411,298	355,180	373,223	355,511	377,404	355,503	4,375,510
Interest-bearing debt	1,077,008	1,118,046	1,115,823	1,116,303	1,193,518	1,286,960	11,457,531
Net interest-bearing debt	643,323	676,336	697,146	700,608	737,790	865,330	6,843,861

	Yen						U.S. dollars
Per Share Data:							
Basic earnings (losses)*	¥ 10.75	¥ (0.83)	¥ —	¥ 12.77	¥ 7.08	¥ 15.39	$0.11
Total equity attributable to owners of the Company/ Net assets (Note 4)	305.81	263.74	—	263.79	281.69	256.17	3.25
Dividends (Note 5)	3.00	3.00	—	3.00	2.50	5.50	0.03
Ratios							
ROA (%)	0.6	(0.0)	—	0.7	0.4	0.8	
ROE (%)	3.8	(0.3)	—	4.7	2.6	4.8	
Equity ratio (%)	17.8	15.1	16.0	15.6	16.3	13.8	
Net debt equity ratio (DER) (times)	1.7	2.0	2.0	2.1	2.1	2.7	
Consolidated payout ratio (%) (Notes 5 and 6)	27.9	—	—	23.5	35.6	35.7	

Notes: The Group has adopted IFRSs for the first time in preparing its consolidated financial statements for the fiscal year ended March 31, 2013 and the date of transition to IFRSs was April 1, 2011.

* Under Japanese GAAP, "Profit for the year (Attributable to owners of the Company)" corresponds to "Net income," "Total equity attributable to owners of the Company" corresponds to "Own equity," "Total equity" corresponds to "Net assets" and "Per Share Data: Basic earnings (losses)" corresponds to "Per Share Data: Net income (loss)."

1. The U.S. dollar amounts represent translations of Japanese yen at the approximate exchange rate at March 31, 2013 of ¥94=$1.
2. Net sales above is based on Japanese GAAP, and includes transactions where Sojitz Group took part as an transaction agent.
3. Core earnings = Gross profit + Selling, general and administrative expenses (before provision of allowance for doubtful accounts and write-offs) + Net interest expenses + Dividend income + Share of profit (loss) of investments accounted for using the equity method
4. The amounts represent equity attributable to owners of the Company for IFRSs and net assets for Japanese GAAP.
5. The amounts represent the annual dividends per share on common stock of Sojitz Corporation, and consolidated payout ratio is calculated based on the number of shares as of March 31.
6. Consolidated payout ratio is not presented for the fiscal year ended March 31, 2012 due to the net loss.

Management's Discussion and Analysis of Operations

1. Overview

The global economy began the year ended March 31, 2013 uncertainly with a downbeat outlook for Japanese, U.S. and European economic recovery. While expected to benefit from growth in domestic demand, emerging countries experienced a decrease in exports to developed countries and reduced investment inflows.

U.S. economic conditions subsequently improved, supported by monetary easing and the shale revolution. In the second half of the fiscal year, U.S. personal consumption firmed, the unemployment rate improved, and capital investment rebounded. However, the United States has not fundamentally resolved its fiscal challenges, and economic conditions remained inherently unstable.

Europe appeared to have emerged from its sovereign debt crisis, but fresh turmoil periodically flared up, including a bailout in Cyprus. European economies consequently continued to contract.

China's economic growth rate declined to its lowest level since 1999 in the wake of cutbacks in public investment and a slump in exports to Europe, but the Chinese economy continued to grow robustly in comparison with the global economy.

ASEAN economies performed relatively well despite a decrease in exports caused by slower economies in Europe, the United States and China. Solid domestic demand offset the decline in exports, which reduced downward pressure on growth rates.

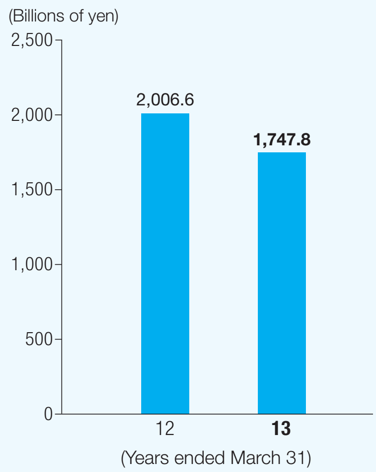
The Japanese economy appeared to have lapsed into recession in autumn 2012 as a result of the overseas economic slowdown coupled with yen appreciation. From the end of 2012, however, the yen began to depreciate and Japan's equity market rallied in response to optimism surrounding the new government. The Abe administration subsequently launched economic policies that have encouraged widespread expectations of economic recovery. Overall, however, depressed growth worldwide affected Japan's economy during the year ended March 31, 2013.

2. Business Results

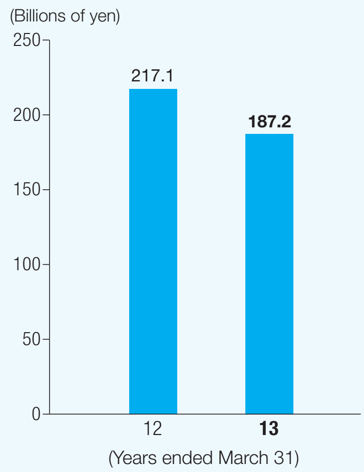
The Sojitz Group will complete its three-year Medium-term Management Plan 2014 – Change for Challenge in the year ending March 31, 2015. During the year ended March 31, 2013, issues including the protracted debt problems in Europe and concerns about slowing economic growth in China and other emerging countries caused demand and prices to decrease for products that the Sojitz Group trades. Consequently, profit before tax decreased ¥30,405 million year on year to ¥28,052 million. Profit attributable to owners of the Company was ¥13,448 million, compared with loss attributable to owners of the Company of ¥1,040 million for the previous fiscal year, due to the reversal of deferred tax assets in response to changes in Japan's tax code.

The following is an analysis of the Sojitz Group's business performance for the year ended March 31, 2013.

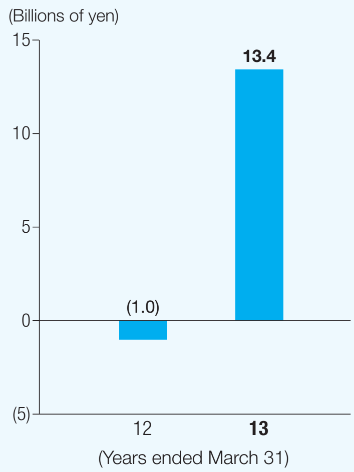
● Revenue



● Gross Profit



● Profit (Loss) Attributable to Owners of the Company



(1) Revenue

Revenue decreased 12.9% year on year to ¥1,747,750 million. By segment, revenue decreased 9.5% in the Machinery Division, 17.5% in the Energy & Metal Division, 13.3% in the Chemicals Division, and 10.8% in the Consumer Lifestyle Business Division. Revenue increased 13.2% in the Other segment.

(2) Gross Profit

Gross profit decreased ¥29,821 million year on year to ¥187,245 million, largely because reduced trading volume and lower prices reduced gross profit in the Energy & Metal Division.

(3) Operating Profit

Selling, general and administrative expenses were lower year on year, but operating profit decreased ¥31,979 million to ¥25,493 million because of the decrease in gross profit.

(4) Profit before Tax

Profit before tax decreased ¥30,405 million year on year to ¥28,052 million because of the decrease in operating profit.

(5) Profit Attributable to Owners of the Company

After deducting income tax expenses of ¥11,058 million from profit before tax of ¥28,052 million, profit for the year was ¥16,993 million. Profit attributable to owners of the Company was ¥13,448 million, compared with loss attributable to owners of the Company of ¥1,040 million for the previous fiscal year.

3. Segment Information

Results by segment are as follows.

Effective the year ended March 31, 2013, Sojitz changed its business segments, reclassifying its domestic real estate operations from the Consumer Lifestyle Business Division to the Other segment. In addition, the name of the former Chemicals & Functional Materials Division was changed to the Chemicals Division.

(1) Machinery

Revenue declined 9.5% year on year to ¥326,512 million largely because of the decrease in ship-related sales. Segment loss was ¥774 million, compared with segment profit of ¥6,275 million for the previous fiscal year.

In the automotive business, global automobile demand is expanding due to factors including the moderate U.S. economic recovery. While results were firm in Southeast Asia and Central and South America, revenue decreased year on year because sales volume was lower than planned in some regions. We will strengthen operations in the strongly growing markets of Southeast Asia and Central and South America while creating new value to sustain growth.

Sojitz has built up orders in the infrastructure project and industrial machinery business in Vietnam, Russia and other emerging countries where it is strong. In addition, major independent power producer (IPP) businesses in Saudi Arabia and Oman in which Sojitz invested in the year ended March 31, 2011 began commercial operation. Other moves to build a

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

	2012	2013
Employee benefits expenses	80,111	**80,654**
Traveling expenses	6,927	**6,740**
Rent expenses	11,598	**10,584**
Outsourcing expenses	10,772	**10,179**
Depreciation and amortization expenses	6,632	**6,616**
Others	37,621	**36,316**
Total	153,663	**151,091**

foundation for stable earnings over the medium to long term included acquiring preferential negotiating rights for IPP projects in Asia. Sojitz also contributed to emerging countries in ways such as becoming the first Japanese company to participate in a seawater desalinization project in the African country of Ghana.

In the marine and aerospace business, Sojitz is improving profitability by replacing assets in the ship-owning business. In the commercial aircraft business, we delivered a total of 31 aircraft 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. Sojitz also concluded an agreement to expand Boeing's cybersecurity business in the Japanese market.

(2) Energy & Metal

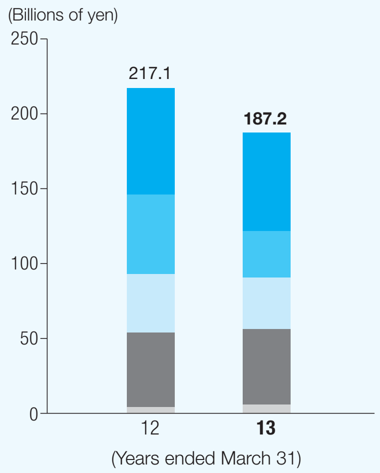
Lower sales volume and prices caused revenue to decrease 17.5% year on year to ¥588,090 million. Segment profit decreased ¥12,338 million year on year to ¥12,726 million.

In the energy business, equipment failures at some oil and gas interests in which Sojitz has invested caused a temporary decline in production volume. Production volume is expected to recover during the year ending March 31, 2014 following the completion of repairs. Sojitz also enhanced its ability to benefit from recent growth in demand in the liquefied natural gas (LNG) business by procuring LNG in North America, Africa and elsewhere and studying participation in LNG projects to respond to global energy demand.

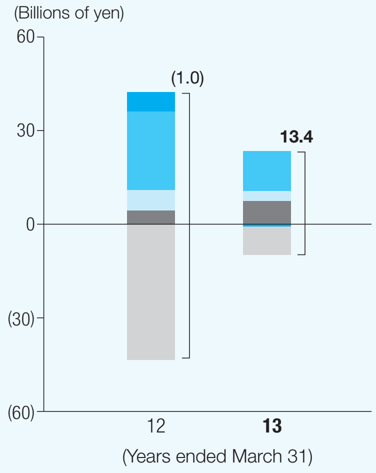
Production remained stable in the coal business. While coal prices decreased because of slower economic growth in emerging countries including China, an Australian coal mine in which Sojitz holds a 96% equity interest operated for all 12 months of the fiscal year without problems. Moreover, Sojitz decided to invest in a Chinese trading company that is developing the coal business in Mongolia with the goal of expanding its Mongolian coal distribution business and building a future supply chain that will span from production to sales. This will further strengthen our business foundation in the coal business.

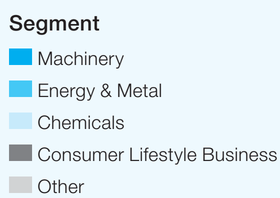
Similar to coal, prices in the steel and mineral resources business decreased during the past fiscal year. However, we completed expansion projects at a molybdenum mine in Canada, an alumina refinery in Australia, and a copper mine in Canada. Focusing on stable supply of resources and improved profitability, Sojitz will enhance price resilience by making these projects fully operational. In addition, iron ore mine development will support Sojitz's preparations to establish a foundation of earnings from its own iron ore interests and an iron ore supply organization. We also strengthened cooperation with associate Metal One

● **Gross Profit by Segment**



● **Profit by Segment (Owners of the Company)**





Corporation to build a solid base for a steel business integrated from raw materials to finished product sales.

(3) Chemicals

Lower demand in Europe, China and Asia caused revenue to decrease 13.3% year on year to ¥345,261 million. Segment profit decreased ¥3,466 million year on year to ¥3,177 million.

The Group's business model for the Chemicals segment focuses on distribution. We work to increase earnings by investing in upstream businesses involved with strategic products such as industrial salt, rare earths and methanol to build a distribution value chain that ranges from the supply of raw materials to sales. 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, demand decreased in Europe, China, Asia and elsewhere, but core methanol operations in Indonesia performed well.

Subsidiary Sojitz Pla-Net Corporation acquired marketing rights for the bioplastic resins that a major South American chemical manufacturer produces from sugar cane and concluded an agreement with a Dutch resin manufacturer to jointly market heat-resistant bioresins in Japan and Asia. These initiatives exemplify the Sojitz Group's focus on potential growth in the green chemicals business and its contribution to creating a sustainable society.

Highlights from the ecological materials and resources business included investment in a business in Mexico that produces and sells barite, which is used for barium derivatives and in shale gas and oil extraction.

In addition, a rare earths development project in Australia that Sojitz invested in and provided with debt financing in the year ended March 31, 2011 began commercial production in February 2013. We are also working to ensure stable supplies of chemical raw materials through projects such as the development of an industrial salt business in India.

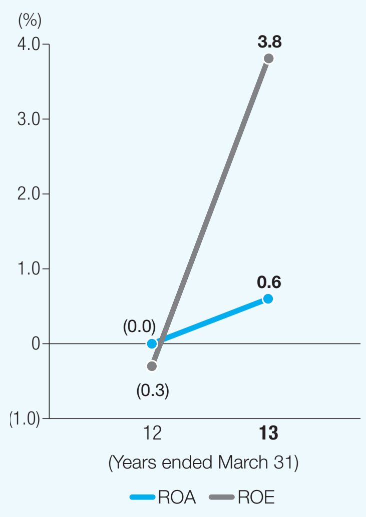
In the life science business, subsidiary Sojitz Cosmetics Corporation enhanced its product lineup by making progress in developing its own cosmetics brands and launching a succession of new products in the *naturecia* brand.

(4) Consumer Lifestyle Business

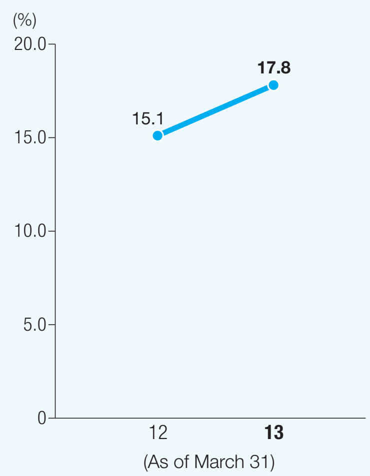
Revenue decreased 10.8% year on year to ¥435,248 million due largely to lower seafood trading volume. Segment profit increased ¥3,022 million year on year to ¥7,367 million because of increased earnings from the overseas fertilizer business and overseas industrial park projects.

In the food resources business, Kyodo Sojitz Feed Company Limited began producing animal feed in Vietnam using unique compound feed technology. Sojitz

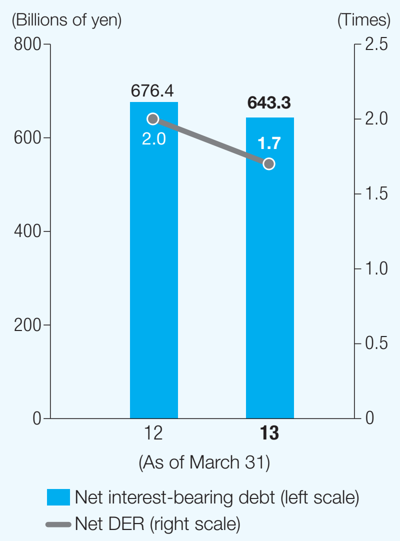
● ROA and ROE



● Equity Ratio



● Net Interest-bearing Debt and Net DER



and Koyushokucho Co., Ltd., one of Japan's largest broiler integrators, also began a feasibility study on entering the broiler poultry business in Vietnam. These were components of our strategy for building a livestock feed supply chain using ASEAN's largest specialized grain port of associate Interflour Vietnam Ltd. as a distribution base.

In the agriculture and forest resources business, we operate Southeast Asia's largest business that manufactures and sells high-quality compound fertilizers. Its solid performance during the past fiscal year drove revenue. In Japan, the building materials business benefited from its strength in plywood as sales were firm due to post-earthquake reconstruction demand and higher demand in anticipation of the increase in the consumption tax.

Sojitz was active in the consumer service market. In the consumer goods distribution business, Sojitz and KOKUBU & Co., Ltd. promoted the modernization of distribution in Vietnam by jointly investing in one of the country's largest food wholesalers, Huong Thuy Manufacture Service Trading Corporation, and making it a consolidated subsidiary of Sojitz. In the textiles business, subsidiary Daiichibo Co., Ltd. registered as a manufacturer of Fairtrade-certified products with the aim of increasing sales of these products. In the construction development business, the sale of lots at Long Duc Industrial Park in Vietnam began well.

(5) Other

Revenue increased 13.2% year on year to ¥52,637 million. Segment profit decreased ¥88 million year on year to ¥880 million.

4. Financial Position

(1) Consolidated Balance Sheets

At March 31, 2013, total assets were ¥2,150,050 million, a decrease of ¥40,642 million from the end of the previous fiscal year. The depreciation of the yen increased the assets of equity-method associates through positive foreign currency translation differences, and inventories of cigarettes and fertilizer increased. Factors that reduced assets included a decrease in trade and other receivables due to the divestiture of a petroleum products sales company.

At March 31, 2013, total liabilities were ¥1,738,751 million, a decrease of ¥96,760 million from a year earlier. Among other factors, redemption of bonds and repayment of debt reduced interest-bearing debt, and the divestiture of the petroleum products sales company reduced trade and other payables.

Total equity attributable to owners of the Company was ¥382,589 million, an increase of ¥52,627 million from a year earlier. The depreciation of the yen resulted in positive foreign currency translation differences on foreign operations. Other components of equity also increased because stock price movements and other factors increased financial assets measured at fair value through other comprehensive income. In addition, profit attributable to owners of the Company for the fiscal year ended March 31, 2013 increased retained earnings.

As a result, the equity ratio* was 17.8%. Net interest-bearing debt, calculated as total interest-bearing debt less cash and, cash equivalents and time deposits, decreased ¥33,014 million from a year earlier to ¥643,323 million, resulting in a net debt equity ratio (net DER) of 1.7 times at March 31, 2013.

* The ratio of total equity attributable to owners of the Company to total assets

(2) Cash Flow

For the year ended March 31, 2013, net cash provided by operating activities totaled ¥55,124 million. Net cash used in investing activities totaled ¥11,652 million. Net cash used in financing activities totaled ¥56,177 million. Cash and cash equivalents at the end of the fiscal year, including the effect of exchange rate changes on cash and cash equivalents, totaled ¥424,371 million.

● **Cash Flow** (Years ended March 31)

(Millions of yen)

	2012	**2013**
Net cash provided by operating activities	88,723	**55,124**
Net cash provided by (used in) investing activities	(42,280)	**(11,652)**
Net cash used in financing activities	(29,530)	**(56,177)**
Cash and cash equivalents at the end of the year	425,595	**424,371**
Free cash flow	46,443	**43,471**

1) Cash Flows from Operating Activities

Net cash provided by operating activities decreased ¥33,599 million compared with the previous fiscal year to ¥55,124 million. Cash provided by decrease in trade and other receivables and profit for the year more than offset cash used in decrease in trade and other payables.

2) Cash Flows from Investing Activities

Net cash used in investing activities decreased ¥30,628 million year on year to ¥11,652 million. Cash provided by net proceeds from sale of investments and proceeds from sale of property, plant and equipment including interests and aircraft only partially offset the use of cash for purchase of property, plant and equipment, which included capital expenditures for interests and purchases of ships.

3) Cash Flows from Financing Activities

Net cash used in financing activities increased ¥26,647 million year on year to ¥56,177 million. In the year ended March 31, 2013, the use of cash for repayment of long-term borrowings and redemption of bonds exceeded proceeds from long-term debt and issuance of bonds.

(3) Liquidity and Funding

In the year ended March 31, 2013, under Medium-term Management Plan 2014 – Change for Challenge the Sojitz Group continued with its fundamental financial 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, 2013 the current ratio was 152% and the long-term debt ratio was 76%

Unsecured bonds are one method Sojitz uses to procure long-term funding. Sojitz issued ¥10.0 billion in unsecured bonds in July 2012. Shortly after the close of the fiscal year ended March 31, 2013, Sojitz issued ¥10.0 billion in unsecured bonds in April 2013 and ¥10.0 billion in unsecured bonds in May 2013. 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.

5. 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 could 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 associates 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 adversely affect the Group's operating performance and/or financial condition.

(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 confirms the rationale for holding a security. 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 allow 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 business investments including investments in interests. 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 screening 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

● Country Risk Exposure (Year ended March 31, 2013)

(Billions of yen)

	Investments	Loans	Guarantees	Operating receivables	Cash and deposits, etc.	Other assets	Country risk	Substantial country risk
Thailand	1.5	0	0	40.0	11.5	8.2	61.2	64.3
Malaysia	0.4	0	0	3.8	0.5	1.2	5.9	4.7
Indonesia	6.4	0.1	0	13.4	5.2	15.2	40.3	52.6
Philippines	16.3	0.4	0	16.0	0.7	1.6	35.0	24.1
China (including Hong Kong)	11.5	0.3	0.3	40.0	6.3	4.4	62.8	60.0
(China)	10.1	0.3	0.3	30.8	4.4	1.2	47.1	49.8
(Hong Kong)	1.4	0	0	9.2	1.9	3.2	15.7	10.2
Brazil	2.6	0.5	0.2	9.6	3.1	9.5	25.5	45.1
Venezuela	0	0	0	6.6	7.1	13.3	27.0	27.0
Argentina	0.4	0	0	3.5	0.1	1.9	5.9	3.7
Russia	0.4	0	0	21.4	4.9	0.3	27.0	27.3
Total	39.5	1.3	0.5	154.3	39.4	55.6	290.6	308.8

Note: Country risk exposure is based on Japanese GAAP.

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 are located. Such losses could adversely affect the Group's operating performance and/or financial condition.

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 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, funding constraints and/or increased financing costs could adversely affect the Group's operating performance and/or financial condition.

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, anticorruption 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 in connection with the Group's business activities. Such legal proceedings involve uncertainty, and while the Group cannot predict their outcome at present, they could adversely affect the Group's operating performance and/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 Medium-term Management Plan 2014

As described in "6. 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.

6. 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 Medium-term Management Plan 2014 – Change for Challenge – under the theme of "Implement reforms in pursuit of growth initiatives" to increase corporate value.

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
Payout ratio	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.

As shown in the chart on page 107, Medium-term Management Plan 2014 specifies 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.

During the year ended March 31, 2013, the first year of the plan, we made investments and loans in business focus areas totaling approximately ¥44 billion to generate future growth. We also made progress in asset replacement by recovering capital totaling approximately ¥47 billion upon compressing assets of approximately ¥81 billion after reviewing specific businesses and assets.

We will continue to replace assets, having sold real estate projects and other assets totaling approximately ¥20 billion at the start of the year ending March 31, 2014.

7. Basic Policy on Dividends

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. Our basic policy under Medium-term Management Plan 2014 is a consolidated payout ratio of approximately 20%.

Sojitz decided to pay a year-end cash dividend of ¥1.50 per share for the year ended March 31, 2013 after considering factors including results for the fiscal year, total equity and requirements for funding investments in growth. Year-end dividends paid totaled ¥1,876 million. Including the interim dividend of ¥1.50 per share paid on December 4, 2012, cash dividends per share for the year ended March 31, 2013 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.

	Investment Category	Investment Objectives and Examples
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

New investments and loans in business focus areas: **¥120.0 billion** + Additional investments and loans in existing businesses: **¥60.0 billion** = **¥180.0 billion**

Consolidated Statements of Financial Position

	Note	Millions of yen			Thousands of U.S. dollars
		2011 (Transition Date)	2012	2013	2013
Assets					
Current assets					
Cash and cash equivalents	28	411,632	425,595	424,371	4,514,585
Time deposits		7,043	16,114	9,313	99,074
Trade and other receivables	6	515,633	544,525	508,690	5,411,595
Other investments	12	1,346	697	—	—
Derivatives	31 (9)	3,796	3,676	4,100	43,617
Inventories	7	265,794	284,038	291,848	3,104,765
Income tax receivables		2,646	2,725	4,778	50,829
Other current assets	13	69,277	57,124	46,771	497,563
Subtotal		1,277,172	1,334,497	1,289,875	13,722,074
Assets as held for sale	18	8,894	4,098	1,303	13,861
Total current assets		1,286,066	1,338,596	1,291,178	13,735,936
Non-current assets					
Property, plant and equipment	8	206,863	219,581	223,196	2,374,425
Goodwill	9 (1)	45,400	46,390	45,725	486,436
Intangible assets	9 (2)	71,111	71,922	71,852	764,382
Investment property	10	50,435	46,359	40,055	426,117
Investments accounted for using the equity method	11	261,834	257,379	279,815	2,976,755
Trade and other receivables	6	55,940	65,498	62,963	669,819
Other investments	12	128,301	113,222	114,596	1,219,106
Derivatives	31 (9)	805	115	229	2,436
Other non-current assets	13	11,323	16,293	10,976	116,765
Deferred tax assets	30 (1)	52,063	15,332	9,461	100,648
Total non-current assets		884,079	852,095	858,871	9,136,925
Total assets		2,170,145	2,190,692	2,150,050	22,872,872

	Note	Millions of yen 2011 (Transition Date)	2012	2013	Thousands of U.S. dollars 2013
Liabilities and equity					
Liabilities					
Current liabilities					
Trade and other payables	14	521,682	557,198	515,989	5,489,244
Bonds and borrowings	15	256,228	298,455	258,375	2,748,670
Derivatives	31 (9)	4,640	8,989	15,952	169,702
Income tax payables		8,151	9,065	7,038	74,872
Provisions	16	1,680	4,074	1,419	15,095
Other current liabilities	17	70,288	60,314	50,150	533,510
Subtotal		862,672	938,096	848,926	9,031,127
Liabilities directly related to assets as held for sale	18	2,627	1,221	—	—
Total current liabilities		865,299	939,317	848,926	9,031,127
Non-current liabilities					
Bonds and borrowings	15	859,594	819,591	818,632	8,708,851
Trade and other payables	14	14,841	13,050	9,816	104,425
Derivatives	31 (9)	5,209	3,042	1,884	20,042
Retirement benefits liabilities	29 (1)	14,311	15,674	16,158	171,893
Provisions	16	12,162	14,378	18,892	200,978
Other non-current liabilities	17	6,533	10,619	7,313	77,797
Deferred tax liabilities	30 (1)	18,969	19,834	17,127	182,202
Total non-current liabilities		931,622	896,193	889,824	9,466,212
Total liabilities		1,796,922	1,835,511	1,738,751	18,497,351
Equity					
Share capital	19	160,339	160,339	160,339	1,705,734
Capital surplus	19	146,520	146,518	146,518	1,558,702
Treasury stock	19	(138)	(147)	(148)	(1,574)
Other components of equity		40,885	23,580	62,826	668,361
Retained earnings	19	(1,320)	(327)	13,053	138,861
Total equity attributable to owners of the Company		346,285	329,962	382,589	4,070,095
Non-controlling interests		26,937	25,218	28,709	305,414
Total equity		373,223	355,180	411,298	4,375,510
Total liabilities and equity		2,170,145	2,190,692	2,150,050	22,872,872

Consolidated Statements of Profit or Loss

	Note	Millions of yen 2012	Millions of yen 2013	Thousands of U.S. dollars 2013
Revenue				
Sales of goods		1,915,992	1,659,233	17,651,414
Sales of services and others		90,657	88,517	941,670
Total revenue		2,006,649	1,747,750	18,593,085
Cost of sales		(1,789,582)	(1,560,504)	(16,601,106)
Gross profit		217,066	187,245	1,991,968
Selling, general and administrative expenses	20	(153,663)	(151,091)	(1,607,351)
Other income (expenses)				
Gain (loss) on sale and disposal of fixed assets, net	21	1,839	2,209	23,500
Impairment loss on fixed assets	22	(3,190)	(11,549)	(122,861)
Gain on sale of subsidiaries/associates		957	2,138	22,744
Loss on reorganization of subsidiaries/associates	23	(1,728)	(3,525)	(37,500)
Other operating income		11,705	10,702	113,851
Other operating expenses		(15,513)	(10,636)	(113,148)
Total other income (expenses)		(5,930)	(10,660)	(113,404)
Operating profit		57,472	25,493	271,202
Financial income				
Interests earned	25	5,552	4,984	53,021
Dividends received	25	3,283	2,761	29,372
Other financial income	25	39	276	2,936
Total financial income		8,875	8,022	85,340
Financial costs				
Interest expenses	25	(23,848)	(21,247)	(226,031)
Other financial costs	25	(338)	—	—
Total financial costs		(24,186)	(21,247)	(226,031)
Share of profit (loss) of investments accounted for using the equity method	11	16,296	15,784	167,914
Profit before tax		58,457	28,052	298,425
Income tax expenses	30 (2)	(56,735)	(11,058)	(117,638)
Profit for the year		1,722	16,993	180,776
Profit attributable to:				
Owners of the Company		(1,040)	13,448	143,063
Non-controlling interests		2,762	3,544	37,702
Total		1,722	16,993	180,776

	Note	Yen 2012	Yen 2013	U.S. dollars 2013
Earnings per share				
Basic earnings (losses) per share (yen)	26	(0.83)	10.75	0.11
Diluted earnings (losses) per share (yen)	26	(0.84)	10.75	0.11

Consolidated Statements of Profit or Loss and Other Comprehensive Income

		Millions of yen		Thousands of U.S. dollars
	Note	2012	2013	2013
Profit for the year		1,722	16,993	180,776
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Financial assets measured at fair value through other comprehensive income	27	(1,010)	11,172	118,851
Actuarial gains (losses) on defined benefits plan	27	(872)	(398)	(4,234)
Total items that will not be reclassified to profit or loss		(1,883)	10,774	114,617
Items that may be reclassified subsequently to profit or loss				
Foreign currency translation differences for foreign operations	27	(12,505)	34,509	367,117
Cash flow hedges	27	(945)	(528)	(5,617)
Total items that may be reclassified subsequently to profit or loss		(13,450)	33,980	361,489
Other comprehensive income for the year, net of tax		(15,334)	44,754	476,106
Total comprehensive income for the year		(13,611)	61,748	656,893
Total comprehensive income attributable to:				
Owners of the Company		(16,177)	56,171	597,563
Non-controlling interests		2,565	5,576	59,319
Total		(13,611)	61,748	656,893

Consolidated Statements of Changes in Equity

	Note	Share capital	Capital surplus	Treasury stock	Foreign currency translation differences for foreign operations	Financial assets measured at fair value through other comprehensive income	Cash flow hedges	Actuarial gains or losses on defined benefits plans	Total other components of equity	Retained earnings	Total equity attributable to owners of the Company	Non-controlling interests	Total equity
		Millions of yen											
		Attributable to owners of the Company											
					Other components of equity								
Balance as of April 1, 2011		160,339	146,520	(138)	—	40,977	(92)	—	40,885	(1,320)	346,285	26,937	373,223
Profit for the year										(1,040)	(1,040)	2,762	1,722
Other comprehensive income					(12,493)	(966)	(867)	(809)	(15,137)		(15,137)	(197)	(15,334)
Total comprehensive income for the year		—	—	—	(12,493)	(966)	(867)	(809)	(15,137)	(1,040)	(16,177)	2,565	(13,611)
Purchase of treasury stock	19		(1)	(9)							(11)		(11)
Dividends	19									(3,753)	(3,753)	(1,801)	(5,554)
Change in ownership interests in subsidiaries without loss/acquisition of control					(49)				(49)	3,178	3,129	(4,827)	(1,697)
Reclassification from other components of equity to retained earnings						(2,927)		809	(2,118)	2,118	—		—
Other changes										489	489	2,343	2,832
Total contributions by and distributions to owners of the Company		—	(1)	(9)	(49)	(2,927)	—	809	(2,167)	2,033	(145)	(4,285)	(4,430)
Balance as of March 31, 2012		160,339	146,518	(147)	(12,543)	37,083	(960)	—	23,580	(327)	329,962	25,218	355,180
Profit for the year										13,448	13,448	3,544	16,993
Other comprehensive income					32,581	11,114	(583)	(388)	42,723		42,723	2,031	44,754
Total comprehensive income for the year		—	—	—	32,581	11,114	(583)	(388)	42,723	13,448	56,171	5,576	61,748
Purchase of treasury stock	19		(0)	(0)							(1)		(1)
Dividends	19									(3,753)	(3,753)	(1,659)	(5,412)
Change in ownership interests in subsidiaries without loss/acquisition of control										(36)	(36)	(503)	(539)
Reclassification from other components of equity to retained earnings						(3,865)		388	(3,477)	3,477	—		—
Other changes										245	245	77	323
Total contributions by and distributions to owners of the Company		—	(0)	(0)	—	(3,865)	—	388	(3,477)	(67)	(3,545)	(2,084)	(5,630)
Balance as of March 31, 2013		160,339	146,518	(148)	20,038	44,332	(1,543)	—	62,826	13,053	382,589	28,709	411,298

	Note	Share capital	Capital surplus	Treasury stock	Foreign currency translation differences for foreign operations	Financial assets measured at fair value through other comprehensive income	Cash flow hedges	Actuarial gains or losses on defined benefits plans	Total other components of equity	Retained earnings	Total equity attributable to owners of the Company	Non-controlling interests	Total equity
		Thousands of U.S. dollars											
		Attributable to owners of the Company											
					Other components of equity								
Balance as of March 31, 2012		1,705,734	1,558,702	(1,563)	(133,436)	394,500	(10,212)	—	250,851	(3,478)	3,510,234	268,276	3,778,510
Profit for the year										143,063	143,063	37,702	180,776
Other comprehensive income					346,606	118,234	(6,202)	(4,127)	454,500		454,500	21,606	476,106
Total comprehensive income for the year		—	—	—	346,606	118,234	(6,202)	(4,127)	454,500	143,063	597,563	59,319	656,893
Purchase of treasury stock	19		(0)	(0)							(10)		(10)
Dividends	19									(39,925)	(39,925)	(17,648)	(57,574)
Change in ownership interests in subsidiaries without loss/acquisition of control										(382)	(382)	(5,351)	(5,734)
Reclassification from other components of equity to retained earnings						(41,117)		4,127	(36,989)	36,989	—		—
Other changes										2,606	2,606	819	3,436
Total contributions by and distributions to owners of the Company		—	(0)	(0)	—	(41,117)	—	4,127	(36,989)	(712)	(37,712)	(22,170)	(59,893)
Balance as of March 31, 2013		1,705,734	1,558,702	(1,574)	213,170	471,617	(16,414)	—	668,361	138,861	4,070,095	305,414	4,375,510

Consolidated Statements of Cash Flows

	Note	Millions of yen 2012	Millions of yen 2013	Thousands of U.S. dollars 2013
Cash flows from operating activities				
Profit for the year		1,722	16,993	180,776
Depreciation and amortization		29,529	31,047	330,287
Impairment loss on fixed assets		3,190	11,549	122,861
Finance (income) costs		15,311	13,225	140,691
Share of (profit) loss of investments accounted for using the equity method		(16,296)	(15,784)	(167,914)
(Gain) loss on sale and disposal of fixed assets, net		(1,839)	(2,209)	(23,500)
Income tax expense		56,735	11,058	117,638
(Increase) decrease in trade and other receivables		(8,089)	40,625	432,180
(Increase) decrease in inventories		(16,765)	(709)	(7,542)
Increase (decrease) in trade and other payables		35,373	(30,116)	(320,382)
Increase (decrease) in retirement benefits liabilities		455	985	10,478
Others		11,224	(1,839)	(19,563)
Subtotal		110,550	74,825	796,010
Interests earned		5,583	5,082	54,063
Dividends received		12,457	13,777	146,563
Interests paid		(24,217)	(21,840)	(232,340)
Income taxes paid		(15,650)	(16,722)	(177,893)
Net cash provided (used) by/in operating activities		88,723	55,124	586,425
Cash flows from investing activities				
Purchase of property, plant and equipment		(34,101)	(29,473)	(313,542)
Proceeds from sale of property, plant and equipment		12,655	14,384	153,021
Purchase of intangible assets		(6,978)	(8,310)	(88,404)
(Increase) decrease in short-term loans receivable		2,646	3,400	36,170
Payment for long-term loans receivable		(13,492)	(11,704)	(124,510)
Collection of long-term loans receivable		969	2,399	25,521
Proceeds from (payments for) acquisition of subsidiaries	28	(2,340)	(5,624)	(59,829)
Proceeds from (payments for) sale of subsidiaries	28	(707)	1,530	16,276
Purchase of investments		(4,144)	(2,646)	(28,148)
Proceeds from sale of investments		10,311	17,831	189,691
Others		(7,098)	6,559	69,776
Net cash provided (used) by/in investing activities		(42,280)	(11,652)	(123,957)
Cash flows from financing activities				
Increase (decrease) in short-term borrowings and commercial papers		8,797	(10,928)	(116,255)
Proceeds from long-term borrowings		127,338	236,109	2,511,797
Repayment of long-term borrowings		(134,014)	(248,449)	(2,643,074)
Proceeds from issuance of bonds		39,800	9,953	105,882
Redemption of bonds		(67,719)	(35,000)	(372,340)
Proceeds from sale of subsidiaries' interests to non-controlling interest holders		7,249	—	—
Payment for acquisition of subsidiaries' interests from non-controlling interest holders		(5,756)	(468)	(4,978)
Proceeds from non-controlling interest holders		1,261	71	755
Purchase of treasury stock		(11)	(1)	(10)
Dividends paid	19	(3,753)	(3,753)	(39,925)
Dividends paid to non-controlling interest holders		(1,801)	(1,659)	(17,648)
Others		(922)	(2,050)	(21,808)
Net cash provided (used) by/in financing activities		(29,530)	(56,177)	(597,627)
Net increase (decrease) in cash and cash equivalents		16,913	(12,706)	(135,170)
Cash and cash equivalents at the beginning of year	28	411,632	425,595	4,527,606
Effect of exchange rate changes on cash and cash equivalents		(2,950)	11,481	122,138
Cash and cash equivalents at the end of year	28	425,595	424,371	4,514,585

Notes to Consolidated Financial Statements

1 REPORTING ENTITY

Sojitz Corporation (the "Company") is a company domiciled in Japan. The addresses of the Company's registered headquarters and main office are available on its corporate website (http://www.sojitz.com/jp/). The consolidated financial statements of the Company as of and for the year ended March 31, 2013 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in associated companies and jointly controlled entities. The Group is an integrated trading company engaged in a wide range of business activities on a global basis. Its headquarters includes business sections that handle merchandising, trading, product manufacturing, services, project planning and management, investments and financing activities, both domestically and internationally.

2 BASIS OF PRESENTATION

(1) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs"). The Group has adopted IFRSs for the first time in preparing its consolidated financial statements for the fiscal year ended March 31, 2013 and the date of transition to IFRSs was April 1, 2011 (the "Transition Date"). These consolidated statements were prepared in accordance with IFRSs for the first time and also applied IFRS 1 First Time Adoption of International Financial Reporting Standards. An explanation regarding how the transition has affected the Group's financial position, management performance and cash flows (as reported by the Company) is provided in Note 38 (Disclosures regarding transition to IFRSs).

The consolidated financial statements were authorized for issue by Yoji Sato, president and chief executive officer, and Yoshio Mogi, chief financial officer, on June 25, 2013.

(2) Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis except for the following material items in the consolidated statements of financial position:

- Financial assets and liabilities measured at fair value through profit or loss are measured at fair value;
- Financial assets measured at fair value through other comprehensive income are measured at fair value;
- Defined benefit plan assets or liabilities are measured at the present value of the defined benefits obligations less the fair value of plan assets; and,
- Inventories acquired with the purpose of generating profits from short-term fluctuations in price are measured at fair value less sales expenses.

(3) Functional currency and presentation currency

The consolidated financial statements are presented in Japanese yen, which is the Company's functional currency. All financial information presented in Japanese yen has been rounded down to the nearest million yen.

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 ¥94 to U.S.$1, the approximate rate of exchange at the end of March 31, 2013. 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.

(4) Use of estimates and judgments

The preparation of the consolidated financial statements in accordance with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from such estimates.

Estimates and underlying assumptions thereof are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future period affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements is included in the following notes:

- Note 3 (1)—Scope of subsidiaries, associates and jointly controlled entities
- Note 3 (14)—Recognition and presentation with respect to revenue

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustments within the next consolidated fiscal year are included in the following notes:

- Note 22—Impairment of non-financial assets
- Note 29—Measurement of defined benefits obligations
- Note 30—Recoverability of deferred tax assets
- Note 31 (6)—Fair value of financial assets and liabilities

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by the Group.

(1) Basis of consolidation

1) Subsidiaries

Subsidiaries are entities which are controlled by the Group. When the Group holds a majority of the voting rights of another entity, control is presumed to exist, unless there is clear evidence that shares in such entity do not provide for control.

In the case that the Group holds less than or equal to 50 percent of the voting rights of another entity, if it is determined through agreements or the like with other investment companies that the Group has significant control over such entity's finance and management, such entity is considered to be a subsidiary of the Group.

The financial statements of subsidiaries are included in the consolidated financial statements from the date the Group obtains control of the subsidiaries until the date the Group loses such control of the subsidiaries. In the case that the accounting policies adopted by subsidiaries are different from the Group's accounting policies, the financial statements of such subsidiaries are, as needed, adjusted in order to be consist with the Group's accounting policies.

In addition, the consolidated financial statements include the financial statements of certain subsidiaries, such as those which engage in the development of oil and gas in Egypt, of which the fiscal year end date is different from that of the Company. The reason being the impracticability of unifying the fiscal year end date of such subsidiaries with that of the Company due to requirements of local laws and regulations, characteristics of local business or the like.

When the financial statements of subsidiaries used in the preparation of the consolidated financial statements are prepared with fiscal year end dates that are different from that of the Company, adjustments are made for the effects of significant transactions or events occurred between the fiscal year end dates of such subsidiaries and that of the Company. The fiscal year end date for the majority of the consolidated subsidiaries is December 31. The difference between the fiscal year end dates of such subsidiaries and that of the Company never exceeds three months.

If there are changes in the Group's interest in a subsidiary, but the Company retains control over the subsidiaries, such transaction is accounted for as an equity transaction. Any difference between the adjustment to the non-controlling interests and the fair value of the consideration received is recognized directly in equity as equity attributable to owners of the Company.

If control is lost with respect to a subsidiary, the Group derecognizes such subsidiary's assets and liabilities or any non-controlling interests, or the other components of equity, related to such subsidiary. Any surplus or deficit arising from such loss of control is recognized as profit or loss. If the Group retains any interest in such subsidiary after the control was lost, then such interest is measured at fair value at the date that control is lost.

2) Associates and jointly controlled entities

Associates are those entities in which the Group has significant influence, but not control or joint control, over their financial and operating policies. Significant influence over each of such entities is presumed to exist when the Group owns between 20 percent and 50 percent of the voting rights of each such entity.

In the case that the Group holds less than 20 percent of the voting rights of another entity, if it is determined that the Group has significant influence over such entity based on the provision of a board member, a shareholders' agreement or the like, such entity is considered to be an associate of the Group.

Jointly controlled entities are those entities with respect to which multiple parties, including the Group, have joint control over the economic activities by contract and unanimous consent of all of such parties is required when deciding on financial/management strategies.

Except for those that are classified as assets held for sale, investments made to associates and jointly controlled entities are accounted for using the equity method (such associates and jointly controlled entities hereinafter referred to collectively as "Entities subject to Equity Method") in accordance with IFRS 5 (Non-current Assets Held for Sale and Discontinued Operations). Investments made to Entities subject to Equity Method are each accounted for as the carrying amount following the application of the equity method less accumulated impairment losses. Such carrying amount includes goodwill recognized at the time of acquisition.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of Entities subject to Equity Method from the date the Group obtains significant influence or joint control until the date the Group loses such significant influence or joint control. In the case that the accounting policies adopted by Entities subject to Equity Method are different from the Group's accounting policies, the financial statements of such entities are adjusted, as needed.

In addition, the consolidated financial statements include investments made to Entities subject to Equity Method on dates that differ from the fiscal year end date. This is due to the impracticability of unifying the fiscal year end date as a result of relationships with other shareholders or the like. The fiscal year end date for the majority of Entities subject to Equity Method is December 31. Adjustments are made for the effects of significant transactions or events occurred between the fiscal year end date of Entities subject to Equity Method and that of the Company.

3) Business combinations

Business combinations are accounted for using the acquisition method. The Group measures the value of goodwill by deducting from the fair value of consideration for the acquisition (which include the recognized amount of any non-controlling interests in the acquiree at the date of such acquisition) the net recognized amount of the identifiable assets acquired and liabilities assumed at the acquisition date (which is generally the fair value). When such difference is in the negative, such difference is immediately recognized as profit or loss.

Non-controlling interests are measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets, and the measurement method to be applied at the date of acquisition is determined on a transaction-by-transaction basis. Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

4) Transactions eliminated under consolidation

Intra-group balances and transactions, and any unrealized profits or losses through intra-group transactions, are eliminated when preparing the consolidated financial statements.

(2) Foreign currency translation

1) Foreign currency transactions

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

Monetary items in foreign currency at the reporting date are retranslated to the functional currency at the exchange rate at such date. Foreign exchange translation differences on monetary items are recognized as profit or loss in the period incurred.

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

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

Provided, however, that if financial statements of the Group's consolidated subsidiary are prepared in functional currency of a country with hyperinflationary economy, all amounts on such financial statements will be translated using the exchange rate at the reporting date after adjusting for inflations based on the measurement unit as of the reporting date in accordance with changes in the general purchasing power of such functional currency. The amounts on the financial statements as of the Transition Date and for the year ended March 31, 2012 have not been corrected/revised. As a result of assessment of qualitative characteristics of the economic environment by country, Venezuela has been classified as a country of hyperinflationary economy. The financial statements to be adjusted for inflation were prepared based on a historical cost basis. In addition, the price index used for adjustments for inflation on the financial statements was of that officially announced by Banco Central De Venezuela. The inflation rates for the years ended March 31, 2012 and March 31, 2013 were 24.6% and 25.1%, respectively.

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

Based on the application of the exemption clauses under IFRS 1, the Group reclassified the cumulative translation differences as of the Transition Date to retained earnings.

(3) Cash and cash equivalents
Cash and cash equivalents comprise cash on hand, cash in the bank that may be withdrawn at any time and short-term investments with maturity of three months or less from the acquisition date that are readily convertible into cash and not subject to any price fluctuation risk.

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

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

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

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

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

Depreciation of property, plant and equipment is mainly computed under the straight-line method based on the estimated useful life of each component thereof. The estimated useful lives of the following items are as follows:

Buildings and structures:	2 — 60 years
Machinery and vehicles:	2 — 40 years
Tools, furniture & fixtures:	2 — 22 years

The depreciation methods, useful lives and residual values are reviewed at least every financial year-end and amended as needed.

(6) Goodwill and intangible assets
1) Goodwill
Goodwill is measured at cost less any accumulated impairment losses.

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

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

Intangible assets, of which their useful lives may be determined (excluding mining rights), are depreciated under the straight-line method for the period of such estimated use. With respect to mining rights, they are depreciated using the production output method based on estimated mine reserves. In addition, the estimatable useful life of software used by the Group is set at 5 years.

The depreciation methods, the useful lives and residual values of intangible assets with finite useful lives are reviewed at least every fiscal year end and amended as needed.

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

After initial recognition, the Group applies the cost model and investment property is measured at cost less any accumulated depreciations and accumulated impairment losses.

Depreciation of an investment property is mainly computed under the straight-line method based on the applicable estimated useful life. The estimated useful lives are between 3 years and 50 years. The depreciation methods, useful lives and residual values are reviewed at least every fiscal year end and amended as needed.

(8) Borrowing costs
Borrowing costs directly attributable to the acquisition, construction or production of an asset, which takes a considerable period of time before it is ready for its intended use

or sale, are capitalized as part of the cost of such asset. All other borrowing costs are recognized as expenses in the period incurred.

(9) Impairment of non-financial assets

At each fiscal year end, the Group determines whether there is any indication of an impairment loss with respect to the Group's non-financial assets, and, if so, the Group estimates the recoverable amount of such assets. Goodwill and intangible assets, of which their useful lives cannot be determined, are tested for impairment annually and whenever there is an indication that there may be an impairment with respect thereof. If the carrying amount of an individual asset or a cash-generating unit exceeds the recoverable amount, such carrying amount is reduced to equal the recoverable amount and an impairment loss is recognized.

With respect to impairment losses of assets other than goodwill that were recognized in previous fiscal years, the Group determines at each fiscal year end whether such impairment losses have ceased to exist or there are indications that the same have decreased. If any such indications exist, the Group will estimate the recoverable amount of such assets. If such recoverable amount exceeds the carrying amount of such assets, the carrying amount of the assets is increased to equal the recoverable amount and reversal of impairment losses is recognized. Impairment losses recognized with respect to goodwill are not reversed in subsequent periods.

In addition, because goodwill that constitutes part of the carrying amount of an investment with respect to an Entity subject to Equity Method is not separately recognized, it is not tested for impairment separately. If it is suggested that there may be an impairment loss with respect to an investment made to an Entity subject to Equity Method, the entire carrying amount of such investment will be tested for impairment as a single asset, by comparing the recoverable amount with such carrying amount.

(10) Financial instruments

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

1) Financial assets

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

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

(a) Financial assets measured at amortized costs

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

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

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

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

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

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

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

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

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

2) Impairment of financial assets

With respect to financial assets measured at amortized cost, the Group assesses whether there is any objective evidence that an impairment exists at each fiscal year end. A financial asset is determined to be impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of such asset, and there is an effect on such financial asset's cash flow that can be reliably estimated due to such impairment event.

Objective evidences that prove impairment of a financial asset include, without limitation, the following: re-evaluation of the repayment terms due to breach of contract caused by the debtor's payment default, delinquency or the like or economic or legal reasons relating to the debtor's financial difficulties; indications that the debtor may become bankrupt; disappearance of an active market; adverse changes in the payment status of the borrower; and, economic conditions that correlate with defaults on assets.

The Group individually assesses an individually significant financial asset, and collectively assesses financial assets that are not individually significant, for objective evidence of impairment.

When there is objective evidence which indicates that a financial asset is impaired, such amount of impairment is measured as the difference between such asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. Such asset's carrying amount is decreased through allowance for doubtful receivables, and the amount of such impairment is recognized as profit or loss. The amount of allowance for doubtful receivables is reduced from the asset's carrying amount directly afterwards when the uncollectible amount was decided. If the amount of such impairment loss decreases due to an event which occurs after recognition of such impairment, the previously recognized impairment loss will be reversed and recognized as profit or loss.

3) Financial liabilities

At initial recognition, financial liabilities are either classified as financial liabilities measured at fair value through profit or loss or financial liabilities measured at amortized cost. Financial liabilities measured at amortized cost are initially recognized on the issuance date thereof and other financial liabilities are recognized on the transaction date thereof.

Financial liabilities are no longer recognized when they are extinguished, i.e., when obligations specified under a contract is discharged, cancelled or expires.

(a) Financial liabilities measured at amortized cost

Financial liabilities, other than financial liabilities measured at fair value through profit or loss, are classified as financial liabilities measured at amortized cost. At initial recognition, financial liabilities measured at amortized cost are measured at fair value less any transaction costs directly attributable to incurring of such liabilities. After initial recognition, such financial liabilities are measured at amortized cost using the effective interest method.

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

At initial recognition, financial liabilities measured at fair value through profit or loss are measured at fair value. After initial recognition, financial liabilities are measured at fair value and subsequent changes in the fair value thereof are recognized as profit or loss.

4) Derivatives and hedge accounting

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

When initiating a hedge, the Group designates and documents the risk management purposes and strategies regarding the hedge relationship and initiation of such hedge. Such documentation includes the designation of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and methods of assessing the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk.

Although such hedging is expected to be highly effective in offsetting changes in fair value or cash flows attributable to the hedged risk, it is assessed on an ongoing basis for its actual effectiveness throughout the reporting periods for which such hedging was designated.

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

(a) Fair value hedges

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

(b) Cash flow hedges

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

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

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

(c) Hedge of a net investment

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

(d) Derivatives not designated as hedging instrument

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

5) Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount of such offset is presented in the consolidated statements of financial position only when the Group has a legally enforceable right to offset the recognized amounts and intends either to settle them on a net basis or realize the assets and settle the liabilities simultaneously.

(11) Provisions

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

Where there is materiality in the effects of time value of money, provisions are discounted using a pre-tax rate that reflects the risks specific to said liability.

(12) Non-current assets held for sale

Non-current assets or disposal groups to be collected mainly through sales transactions (but not for continuous use) are classified as held for sale.

To be classified as held for sale, an asset must be immediately sellable at its present state and have an extremely high probability for such sale. In addition, management must have firm commitment to execute the plan to sell such asset and complete such sale within one year from the date of such classification.

Immediately before being classified as held for sale, an asset, or components of a disposal group, are re-measured in accordance with the Group's accounting policies. After the classification as held for sale, such asset is measured at the lower of the carrying amount and the fair value less sales expenses.

Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets on a pro rata basis. Impairment losses of an asset that was initially classified as held for sale or disposal group, and subsequent gains or losses arising following the remeasurement are recognized as profit or loss.

Property, plant and equipment, intangible assets and investment property classified as held for sale are not depreciated or amortized.

When the Group has committed itself to exercise a sales plan involving the loss of control of a subsidiary, all the assets and liabilities of such subsidiary are classified as held for sale, regardless of whether the Group will retain a non-controlling interest in such subsidiary after the sale.

(13) Equity

1) Share capital and capital surplus

Proceeds from issuance of equity instruments by the Company are included in share capital and capital surplus. Transaction costs directly attributable to the issuance of equity instruments are deducted from capital surplus.

2) Treasury stock

When the Group reacquires treasury stocks, the consideration paid is recognized as an deduction from equity. Transaction costs directly attributable to the reacquisition of treasury stocks are deducted from capital surplus.

In addition, when the Group sell treasury stocks, the consideration received is recognized as an increase in equity.

(14) Revenue

Revenue is measured at fair value of the consideration received or receivable, net of returned goods, discounts and rebates. If there are multiple identifiable components in a single transaction, such transaction is separated into components, and revenue is recognized per each such component. On the other hand, when the actual economic state cannot be expressed without treating multiple transactions as one unit, revenue is recognized by treating such multiple transactions as one unit.

The recognition standards and presentation method with respect to revenue are as follows:

1) Revenue recognition standards

(a) Sale of goods

Revenue from the sale of goods is recognized when all of the following conditions have been satisfied:

- the Group has transferred to the buyer the significant risks and rewards associated with the ownership of such goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor substantial control over the goods sold;
- the amount of revenue can be measured reliably;
- there is a strong possibility that economic benefits associated with such transaction will flow to the Group; and,
- the costs incurred with respect to such transaction can be measured reliably.

(b) Provision of services

If results of revenue from the provision of services can be reliably estimated, such revenue will be recognized in accordance with such transaction's degree of progress as of the fiscal year end. If all of the following conditions are satisfied, it is determined that results of a transaction can be reliably estimated:

- the amount of revenue can be measured reliably;
- there is a strong possibility that economic benefits associated with such transaction will flow to the Group;
- such transaction's degree of progress can be reliably measured as of the fiscal year end; and,
- the costs incurred with respect to such transaction and the costs required to complete such transaction can be measured reliably.

If results of a transaction regarding the provision of services cannot be reliably estimated, then revenue is recognized only with respect to portions of which costs are considered recoverable.

2) Method of presenting revenue

When the Group is a party to a transaction, revenue therefrom is presented in gross. When the Group is acting as an agent for a third party in a transaction, revenue is presented by the amount received by such third party less the amount collected on behalf of such third party (i.e., commission).

The following indices are considered when determining whether the Group is acting as a party or an agent with respect to a transaction:

- whether the Group has the primary responsibility with respect to providing goods or services to the customer or fulfilling an order;
- whether the Group has an inventory risk before or after receiving an order from the customer, during shipping or when goods are returned;
- whether the Group has the right to establish prices, either directly or indirectly; and,
- whether the Group bears the customer's credit risk in regards to accounts receivables against such customer,
- whether collection schedule for the proceeds is already decided by transaction or arranged by rate of the proceeds.

(15) Financial income and costs

Financial income comprises interest income, dividend income, gain on sales of financial instruments and gain arising from change in the fair value of financial instruments. Interest income is recognized at the time of receipt by using the effective interest method. Dividend income is recognized on the date when the Group's right to receive payment is established.

Financial costs comprise interest expenses, loss on sales of financial instruments and loss arising from change in the fair value of financial instruments.

(16) Employee benefits

1) Post-employment benefits

(a) Defined benefits plans

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

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

If a retirement benefit plan is amended, the changed portion of benefits relating to an employee's past services is immediately recognized as profit or loss.

The Group immediately recognizes all of the actuarial differences arising from defined benefits plans as other comprehensive income and promptly reclassifies them as retained earnings.

(b) Defined contribution plans

Defined contribution plans are retirement benefits plans under which the Group pays fixed contributions to separate entities and will have no legal or presumptive obligation to pay any amount over its contribution amount. The obligations already paid or to be paid as contributions under the defined contribution plans are recognized as expenses in the period in which the employees provided the services related thereto.

(c) Multi-employer plans

Certain subsidiaries participate in pension plans, which are classified as multi-employer plans. In regards to such pension plans, sufficient information to calculate the proportionate share of such plan assets cannot be obtained. Thus, the Group accounts for such pension plans in the same manner in which it recognizes defined contribution plans. In other words, contributions to such multi-employer plans are recognized as expenses in the period in which the employees provided their services.

2) Other long-term employee benefits

Obligations in respect of long-term employee benefits other than post-employment benefits are calculated by estimating the future amount of benefits that employees will have earned in return for their services in the current and prior periods and discounting such amount in order to determine the present value.

3) Short-term employee benefits

Short-term employee benefits are not discounted. Instead, they are accounted for as expenses at the time services related thereto are provided.

With respect to bonuses, the Group owes legal and presumptive payment obligations as a consequence of past employee services provided. If such amount of payment obligations can be reliably estimated, such estimated amount to be paid based on such bonus system is recognized as a liability.

(17) Income taxes

Income tax expense comprises current tax expenses and deferred tax expenses. These are recognized as profit or loss, except when they arise from items that are directly recognized as other comprehensive income or equity, and from a business combination.

Current tax expenses are measured by the expected taxes receivable from or taxes payable to tax authorities, and the tax amounts are calculated using tax rates that have been enacted or substantially enacted by the fiscal year end.

Deferred tax assets and liabilities are recognized in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the standard tax amount, tax losses carried forward and tax credits, and are calculated under the expected tax rate or tax law applicable as of the period in which assets are realized or liabilities settled based on a statutory tax rate or the same substantially enacted as of the fiscal year end. Deferred tax assets and liabilities are not recognized in the following cases:

- when taxable temporary differences arise upon initial recognition of goodwill;
- when they arise upon initial recognition of assets or liabilities under a transaction that neither is of a business combination nor affects profits or taxable income (or loss) under accounting on the transaction date; and,
- with respect to taxable temporary differences concerning investments in a subsidiary or associate, or shares in a joint venture, when the Group can control the timing of the reversal of the temporary differences and there is a strong possibility that such difference cannot be eliminated in the foreseeable future.

Deferred tax assets and liabilities are offset only when the Group has: a legally enforceable right to offset the current tax assets and liabilities; and, such deferred tax assets and liabilities are levied upon by the same tax authority against the Group, as the same taxable entity with respect to the imposition of income taxes. However, even if the Group is considered a separate taxable entity with respect to such deferred tax assets and liabilities, they can be offset if the Group accounts for current tax assets and liabilities in their net amount, or intends to realize such assets and settle such liabilities simultaneously.

Deferred tax assets are recognized for deductible temporary differences, tax losses carried forward and tax credits only to the extent there is a strong possibility that they can be used against future taxable income. The carrying amount of deferred tax assets are reviewed at each fiscal year end, and such carrying amount will be reduced to the extent there is no longer a probability that related tax benefits from such assets will be realized.

(18) Lease

The Group determines whether an agreement is of a lease, or contains a lease, based on the substance of such agreement as of the date of commencement of a lease. The substance of an agreement is determined based on the following factors:

(a) whether the performance thereof is dependent on a specified asset or asset group; and,
(b) whether such agreement includes the right to use such asset.

1) Finance lease

A finance lease is a lease that transfers substantially all of the risks and rewards incidental to ownership of an asset.

Lease assets are initially recognized at lower of the fair value of the leased asset and the present value of the total of minimum lease payments. After the initial recognition, such lease assets are accounted for based on the applicable accounting policies. Lease payments are apportioned between financing costs and repayment amounts of the lease obligations so as to maintain a certain interest rate against the balance of the liability.

2) Operating lease

An operating lease is a lease except for finance lease. Lease payments are mainly recognized as expenses on a straight-line basis over the lease term.

In the case in which the Group is the lessor of an asset under an operating lease, such asset is recognized in accordance with its nature under the consolidated statements of financial position.

4 NEW STANDARDS NOT YET APPLIED AND INTERPRETATION GUIDELINE THEREOF

The new establishment of, or amendments to, the major standards and interpretation guidelines that have been issued prior to the approval date of the consolidated financial statements (i.e., March 31, 2013) and of which the Group has yet to apply are as follows. Effects on the Group due to application of the below are still being considered and cannot be estimated at this time.

Notably, the Group has early applied IFRS 9 Financial Instruments (2010 version) and Presentation of Items of Other Comprehensive Income Amendments to IAS 1 Presentation of Financial Statements.

IFRSs	Title	Reporting period on or after which the application is required	The Group's applicable reporting period	Summaries of new IFRSs/amendments
IFRS 7	Financial Instruments: Disclosure	Period starting from January 1, 2013	Period ending on March 31, 2014	Disclosures regarding offsets of financial assets and financial liabilities
IFRS 10	Consolidated Financial Statements	Period starting from January 1, 2013	Period ending on March 31, 2014	Regulations of control as single basis for consolidation (Replacement for IAS 27 and SIC 12)
IFRS 11	Joint Control Arrangements	Period starting from January 1, 2013	Period ending on March 31, 2014	Categorization of joint control arrangements and requirement for application of the equity method (Replacement for IAS 31 and SIC 13)
IFRS 12	Disclosure of Interests in Other Entities	Period starting from January 1, 2013	Period ending on March 31, 2014	Disclosure requirements for forms of interests in other entities, including subsidiaries, joint control arrangements, associates and unconsolidated structured entities (Replacement of appropriate parts of IAS 27 and IAS 28)
IFRS 13	Fair Value Measurements	Period starting from January 1, 2013	Period ending on March 31, 2014	Establishment of framework for fair value measurements and disclosure requirements regarding fair value
IAS 19	Employee Benefits	Period starting from January 1, 2013	Period ending on March 31, 2014	Recognition of actuarial differences and past service costs, and presentation and disclosure of post-employment benefits
IAS 28	Investments in Associates and Joint Ventures	Period starting from January 1, 2013	Period ending on March 31, 2014	Amendments based on public disclosure of IFRSs 10, 11 and 12
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	Period starting from January 1, 2013	Period ending on March 31, 2014	Accounting for stripping costs in the production phase of a surface mine
IAS 32	Financial Instruments: Presentation	Period starting from January 1, 2014	Period ending on March 31, 2015	Presentation of offsets of financial assets and financial liabilities

5 SEGMENT INFORMATION

(1) Summary of reportable segments

Reportable segments are the Group's components for which discrete financial information is available, and whose operating results are regularly reviewed by the Board of Directors for the purposes of making decisions about resources to be allocated to such segments and assessing their performance.

The Group is 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, investments and financial activities, both domestically and internationally.

Consequently, the Group's reportable segments consist of the following four business groups based on goods and services: Machinery; Energy & Metal; Chemicals; and, Consumer Lifestyle Business.

In addition, the following "Other" consist of, among other things, services relating to human resources development, business relating to regional companies, logistics and insurance business, venture capital, aircraft leasing, real estate and related business (included investments, buying and selling, leasing, management and other), and operation of commercial facilities.

Main goods and services of each reportable segments are as follows:

1) Machinery: Automobiles and automotive components; automobile-related equipment; construction equipment; ships; vehicles; aircraft and aerospace-related equipment; communication infrastructure equipment; equipment for electronics industries; general plant equipment for steel manufacturing, cement plants, chemical plants, etc.; electric power; electronics-related equipment (equipment for power generation, conversion, transmission, etc.); infrastructure business; bearings; industrial generators; various types of industrial machineries; machinery for the processing of metals and related equipment; IT-related business; information processing; computer software development; etc.

2) Energy & Metal: Oil and gas; petroleum products; coke; carbon products; nuclear fuels; nuclear power-related equipment and machinery; coal; iron ore; ferroalloys (nickel, molybdenum, vanadium, other rare metals); ores; alumina; aluminum; copper; zinc; tin; precious metals; ceramics and minerals; floating production storage and offloading unit; infrastructure; energy and chemicals-related projects; LNG-related business; steel-related business; environmental business; etc.

3) Chemicals: Organic chemicals; inorganic chemicals; functional chemicals; fine chemicals; industrial salt; cosmetics; foodstuff additives; rare earths; commodity resins; raw materials for plastics including engineering plastics; film sheets for industry, packaging, and foodstuffs; plastic molding machines; other plastic products; electronics materials including liquid crystals and electrolytic copper foil; fiber materials for use in industrial supplies; etc.

4) Consumer Lifestyle Business: Grains; flour; oils and fats; oilstuff; feed materials; marine products; processed seafood; fruits and vegetables; frozen vegetables; frozen foods; sweets; raw ingredients for sweets; coffee beans; sugar; other foodstuffs and raw ingredients; chemical fertilizers; cotton and synthetic fabrics; non-woven fabrics; knitted fabrics and products; raw materials for textiles; clothing; interior accessories; bedclothes and home fashion-related products; nursery items; general commodities; construction materials; imported timber; timber products such as lumber, plywood, and laminated lumber; building materials; afforestation; manufacture and sale of wood chips; industrial park; etc.

5) Others: Administration, domestic branches, logistics and insurance services, aircraft leasing, real estate-related business (investment, dealing, leasing, management, etc.), administration of commercial facilities, etc.

(2) Information regarding reportable segments

The accounting methods for the reported business segments are basically consistent with those stated in 3 ("Significant Accounting Policies"), except with respect to the calculation of income tax expenses.

Transactions between segments are determined at market price or at arm's length price.

2011 (Transition Date)

	Millions of yen							
	Reportable segments							
	Machinery	Energy & Metal	Chemicals	Consumer Lifestyle Business	Total	Others	Reconciliations	Consolidated
Segment assets	391,780	578,154	264,435	388,064	1,622,435	307,531	240,178	2,170,145
Others:								
Investments accounted for using the equity method	27,515	201,651	10,991	17,684	257,843	4,071	(81)	261,834

The reconciliation amount of segment assets of 240,178 million yen includes elimination of inter-segment transactions or the like amounting to 56,366 million yen and all of the companies' assets that were not allocated to each segment amounting to 296,544 million yen, and mainly consists of the Company's surplus funds in the form of cash in bank or the like for investments and marketable securities or the like.

2012

	Millions of yen							
	Reportable segments							
	Machinery	Energy & Metal	Chemicals	Consumer Lifestyle Business	Total	Others	Reconciliations	Consolidated
Revenue								
External revenue	360,910	713,130	398,229	487,897	1,960,167	46,482	—	2,006,649
Inter-segment revenue	1,478	—	3	9	1,491	423	(1,915)	—
Total revenue	362,388	713,130	398,233	487,907	1,961,659	46,905	(1,915)	2,006,649
Segment profit (loss)	6,275	25,064	6,643	4,345	42,329	968	(44,338)	(1,040)
Other:								
Interest income	941	2,409	306	690	4,348	1,428	(224)	5,552
Interest expenses	(6,226)	(9,458)	(3,653)	(5,500)	(24,838)	766	224	(23,848)
Depreciation and amortization	(7,500)	(12,072)	(2,278)	(2,313)	(24,165)	(5,181)	(183)	(29,529)
Gain (loss) on sale of fixed assets, net	1,408	(9)	(209)	(179)	1,011	827	—	1,839
Impairment loss on fixed assets	(231)	(1,498)	(9)	(233)	(1,973)	(1,217)	—	(3,190)
Gain on sale of subsidiaries/associates	117	202	4	611	936	21	—	957
Loss on reorganization of subsidiaries/associates	(1,159)	(191)	(101)	(47)	(1,499)	(229)	—	(1,728)
Share of profit (loss) of investments accounted for using the equity method	3,398	11,346	899	513	16,158	134	4	16,296
Income tax expenses	(5,049)	(5,949)	(3,244)	(1,672)	(15,915)	3,926	(44,746)	(56,735)
Segment assets	416,135	580,908	277,444	404,268	1,678,756	254,401	257,534	2,190,692
Other:								
Investment accounted for using the equity method	25,854	198,072	10,565	18,930	253,423	4,035	(79)	257,379
Capital expenditure	17,658	22,015	572	2,931	43,177	3,344	—	46,521

Segment profit (loss) is reconciled based on the profit (attributable to owners of the company) for the year under the Consolidated Statements of Profit or Loss.

Reconciliation of segment loss of 44,338 million yen includes the difference between the Company's actual income tax expenses and income tax expenses allocated to each segment based on the calculation method established internally, which amounted to 44,746 million yen, and unallocated dividend income and others of 408 million yen.

The reconciliation amount of segment assets of 257,534 million yen includes elimination of inter-segment transactions or the like amounting to 53,409 million yen and all of the companies' assets that were not allocated to each segment amounting to 310,943 million yen, and mainly consists of the Company's surplus funds in the form of cash in bank or the like for investment and marketable securities or the like.

2013

	Millions of yen							
	Reportable segments							
	Machinery	Energy & Metal	Chemicals	Consumer Lifestyle Business	Total	Others	Reconciliations	Consolidated
Revenue								
External revenue	326,512	588,090	345,261	435,248	1,695,113	52,637	—	1,747,750
Inter-segment revenue	1,633	3	7	5	1,649	345	(1,995)	—
Total revenue	328,146	588,093	345,269	435,253	1,696,763	52,982	(1,995)	1,747,750
Segment profit (loss)	(774)	12,726	3,177	7,367	22,496	880	(9,929)	13,448
Other:								
Interest income	796	2,230	372	611	4,012	1,441	(469)	4,984
Interest expenses	(6,211)	(8,964)	(3,441)	(5,164)	(23,782)	2,065	469	(21,247)
Depreciation and amortization	(7,635)	(13,429)	(2,346)	(2,483)	(25,895)	(5,151)	—	(31,047)
Gain (loss) on sale of fixed assets, net	127	1,119	621	234	2,103	106	—	2,209
Impairment loss on fixed assets	(1,221)	(6,963)	(139)	(203)	(8,528)	(3,021)	—	(11,549)
Gain on sale of subsidiaries/associates	215	1,758	85	46	2,106	167	(135)	2,138
Loss on reorganization of subsidiaries/associates	(1,261)	(1,857)	(420)	(119)	(3,657)	—	132	(3,525)
Share of profit (loss) of investments accounted for using the equity method	4,011	9,504	(41)	2,583	16,058	(285)	10	15,784
Income tax expenses	(3,667)	9,199	(4,341)	(2,402)	(1,211)	387	(10,235)	(11,058)
Segment assets	399,835	559,747	274,633	420,537	1,654,754	262,034	233,261	2,150,050
Other:								
Investment accounted for using the equity method	24,889	218,890	11,050	21,394	276,224	3,662	(72)	279,815
Capital expenditure	11,601	15,169	902	4,161	31,834	4,066	—	35,901

2013

	Reportable segments (Thousands of U.S. dollars)							
	Machinery	Energy & Metal	Chemicals	Consumer Lifestyle Business	Total	Others	Reconciliations	Consolidated
Revenue								
External revenue	3,473,531	6,256,276	3,672,989	4,630,297	18,033,117	559,968	—	18,593,085
Inter-segment revenue	17,372	31	74	53	17,542	3,670	(21,223)	—
Total revenue	3,490,914	6,256,308	3,673,074	4,630,351	18,050,670	563,638	(21,223)	18,593,085
Segment profit (loss)	(8,234)	135,382	33,797	78,372	239,319	9,361	(105,627)	143,063
Other:								
Interest income	8,468	23,723	3,957	6,500	42,680	15,329	(4,989)	53,021
Interest expenses	(66,074)	(95,361)	(36,606)	(54,936)	(253,000)	21,968	4,989	(226,031)
Depreciation and amortization	(81,223)	(142,861)	(24,957)	(26,414)	(275,478)	(54,797)	—	(330,287)
Gain (loss) on sale of fixed assets, net	1,351	11,904	6,606	2,489	22,372	1,127	—	23,500
Impairment loss on fixed assets	(12,989)	(74,074)	(1,478)	(2,159)	(90,723)	(32,138)	—	(122,861)
Gain on sale of subsidiaries/associates	2,287	18,702	904	489	22,404	1,776	(1,436)	22,744
Loss on reorganization of subsidiaries/associates	(13,414)	(19,755)	(4,468)	(1,265)	(38,904)	—	1,404	(37,500)
Share of profit (loss) of investments accounted for using the equity method	42,670	101,106	(436)	27,478	170,829	(3,031)	106	167,914
Income tax expenses	(39,010)	97,861	(46,180)	(25,553)	(12,882)	4,117	(108,882)	(117,638)
Segment assets	4,253,563	5,954,755	2,921,627	4,473,797	17,603,765	2,787,595	2,481,500	22,872,872
Other:								
Investment accounted for using the equity method	264,776	2,328,617	117,553	227,595	2,938,553	38,957	(765)	2,976,755
Capital expenditure	123,414	161,372	9,595	44,265	338,659	43,255	—	381,925

Segment profit (loss) is reconciled based on the profit (attributable to owners of the company) for the year under the Consolidated Statements of Profit or Loss.

Reconciliation of segment loss of 9,929 million yen (U.S.$105,627 thousand) includes the difference between the Company's actual income tax expenses and income tax expenses allocated to each segment based on the calculation method established internally, which amounted to 10,235 million yen (U.S.$108,882 thousand), and unallocated dividend income and others of 306 million yen (U.S.$3,255 thousand).

The reconciliation amount of segment assets of 233,261 million yen (U.S.$2,481,500 thousand) includes elimination of inter-segment transactions or the like amounting to 70,539 million yen (U.S.$750,414 thousand) and all of the companies' assets that were not allocated to each segment amounting to 303,800 million yen (U.S.$3,231,914 thousand), and mainly consists of the Company's surplus funds in the form of cash in bank or the like for investments and marketable securities or the like.

(3) Information regarding goods and services

Information regarding the revenue for each product/service was not separately presented because the same was presented in the reporting segments.

(4) Geographical information

Geographical information relating to external revenue and non-current assets (excluding financial assets and deferred tax assets) is as follows:

1) External revenue

	Millions of yen 2012	Millions of yen 2013	Thousands of U.S. dollars 2013
Japan	1,132,141	984,811	10,476,712
The Americas	163,281	127,683	1,358,329
Europe	89,231	94,732	1,007,787
Asia and Oceania	562,881	503,744	5,358,978
Others	59,114	36,778	391,255
Total	2,006,649	1,747,750	18,593,085

Revenue is classified by country or region based on the locations of customers.

2) Non-current assets (excluding financial assets and deferred tax assets)

	Millions of yen			Thousands of U.S. dollars
	2011 (Transition Date)	2012	2013	2013
Japan	189,273	184,707	163,075	1,734,840
The Americas	45,820	62,035	66,705	709,627
Europe	38,650	35,700	41,349	439,882
Asia and Oceania	99,983	103,981	106,952	1,137,787
Others	11,404	14,122	13,722	145,978
Total	385,133	400,547	391,805	4,168,138

(5) Information about major customers

There was no customer whose transaction volume was equal to or more than 10% of the Group's revenue for either the year ended March 31, 2012 or the year ended March 31, 2013.

6 TRADE AND OTHER RECEIVABLES

The breakdown of trade and other receivables is as follows.

	Millions of yen			Thousands of U.S. dollars
	2011 (Transition Date)	2012	2013	2013
Trade notes and accounts receivable	477,580	508,815	477,460	5,079,361
Loans receivable	20,055	27,470	33,357	354,861
Others	73,938	73,738	60,890	647,765
Total	571,574	610,023	571,653	6,081,414
Current assets	515,633	544,525	508,690	5,411,595
Non-current assets	55,940	65,498	62,963	669,819
Total	571,574	610,023	571,653	6,081,414

7 INVENTORIES

The breakdown of inventories is as follows.

	Millions of yen			Thousands of U.S. dollars
	2011 (Transition Date)	2012	2013	2013
Commodities and finished goods	195,897	214,633	224,658	2,389,978
Real estate held for development and resale	47,301	47,758	49,112	522,468
Materials and consumables	22,595	21,646	18,077	192,308
Total	265,794	284,038	291,848	3,104,765
Inventories to be sold more than one year after	5,101	9,526	10,360	110,212

Write-downs of inventories recognized as expenses for the years ended March 31, 2012 and March 31, 2013 were 4,157 million yen and 1,631 million yen (U.S.$17,351 thousand), respectively.

8 PROPERTY, PLANT AND EQUIPMENT

The increases/decreases in costs and accumulated depreciations and accumulated impairment losses of property, plant and equipment were as follows.

[Costs]

	Millions of yen					
	Buildings and structures	Machinery and vehicles	Tools, furniture & fixtures	Land	Construction in progress	Total
Balance as of April 1, 2011 (Transition Date)	99,364	188,256	17,594	37,685	22,465	365,365
Acquisitions	4,560	6,980	3,629	61	21,089	36,322
Acquisitions through business combinations	—	8,733	—	—	—	8,733
Reclassification from construction in progress	3,840	12,453	457	—	(16,750)	—
Disposals	(1,591)	(22,176)	(2,256)	(279)	(347)	(26,650)
Reclassification to assets held for sale	(691)	(1,846)	(5)	(319)	—	(2,862)
Exchange translation differences for foreign operations	88	(223)	84	(0)	(262)	(313)
Others	338	(322)	(202)	(69)	138	(116)
Balance as of March 31, 2012	105,909	191,855	19,302	37,077	26,333	380,478
Acquisitions	7,493	7,685	5,359	40	9,600	30,178
Reclassification from construction in progress	3,798	25,593	291	—	(29,682)	—
Disposals	(5,312)	(23,454)	(3,539)	(1,391)	(845)	(34,544)
Exchange translation differences for foreign operations	7,252	20,531	253	208	314	28,560
Others	(2,769)	1,810	(917)	(5,811)	130	(7,557)
Balance as of March 31, 2013	116,372	224,021	20,749	30,122	5,850	397,116

	Thousands of U.S. dollars					
	Buildings and structures	Machinery and vehicles	Tools, furniture & fixtures	Land	Construction in progress	Total
Balance as of March 31, 2012	1,126,691	2,041,010	205,340	394,436	280,138	4,047,638
Acquisitions	79,712	81,755	57,010	425	102,127	321,042
Reclassification from construction in progress	40,404	272,265	3,095	—	(315,765)	—
Disposals	(56,510)	(249,510)	(37,648)	(14,797)	(8,989)	(367,489)
Exchange translation differences for foreign operations	77,148	218,414	2,691	2,212	3,340	303,829
Others	(29,457)	19,255	(9,755)	(61,819)	1,382	(80,393)
Balance as of March 31, 2013	1,238,000	2,383,202	220,734	320,446	62,234	4,224,638

[Accumulated depreciations and accumulated impairment losses]

	Millions of yen					
	Buildings and structures	Machinery and vehicles	Tools, furniture & fixtures	Land	Construction in progress	Total
Balance as of April 1, 2011 (Transition Date)	(44,699)	(98,091)	(10,968)	(4,743)	—	(158,502)
Depreciation expenses	(5,120)	(13,729)	(2,307)	—	—	(21,156)
Impairment losses	(1,164)	(517)	(50)	(84)	—	(1,816)
Disposals	1,201	14,805	1,476	0	—	17,484
Reclassification to assets held for sale	433	751	3	163	—	1,351
Exchange translation differences for foreign operations	(141)	246	(70)	—	—	34
Others	(209)	1,798	131	(12)	—	1,707
Balance as of March 31, 2012	(49,700)	(94,735)	(11,785)	(4,675)	—	(160,897)
Depreciation expenses	(4,385)	(15,736)	(2,793)	—	—	(22,916)
Impairment losses	(4,784)	(2,140)	(13)	(195)	—	(7,133)
Disposals	4,028	15,257	2,447	54	—	21,789
Exchange translation differences for foreign operations	(3,421)	(8,434)	(153)	—	—	(12,009)
Others	4,139	2,071	591	444	—	7,247
Balance as of March 31, 2013	(54,123)	(103,718)	(11,706)	(4,371)	—	(173,920)

	Thousands of U.S. dollars					
	Buildings and structures	Machinery and vehicles	Tools, furniture & fixtures	Land	Construction in progress	Total
Balance as of March 31, 2012	(528,723)	(1,007,819)	(125,372)	(49,734)	—	(1,711,670)
Depreciation expenses	(46,648)	(167,404)	(29,712)	—	—	(243,787)
Impairment losses	(50,893)	(22,765)	(138)	(2,074)	—	(75,882)
Disposals	42,851	162,308	26,031	574	—	231,797
Exchange translation differences for foreign operations	(36,393)	(89,723)	(1,627)	—	—	(127,755)
Others	44,031	22,031	6,287	4,723	—	77,095
Balance as of March 31, 2013	(575,776)	(1,103,382)	(124,531)	(46,500)	—	(1,850,212)

[Carrying amounts]

	Millions of yen					
	Buildings and structures	Machinery and vehicles	Tools, furniture & fixtures	Land	Construction in progress	Total
Balance as of April 1, 2011 (Transition Date)	54,665	90,164	6,625	32,941	22,465	206,863
Balance as of March 31, 2012	56,209	97,119	7,517	32,402	26,333	219,581
Balance as of March 31, 2013	62,248	120,303	9,043	25,750	5,850	223,196
Balance as of March 31, 2013 (Thousands of U.S. dollars)	662,212	1,279,819	96,202	273,936	62,234	2,374,425

For the year ended March 31, 2013, the main increase and decrease of "Others" was due to excluding a subsidiary that sells petrochemical products and the related products from the consolidation scope.

The amounts of expenditures relating to property, plant and equipment in the course of its construction are presented under the "Construction in progress" column.

Depreciation expenses for property, plant and equipment were included in "Cost of sales" and "Selling, general and administrative expenses" under the Consolidated Statements of Profit or Loss.

9 GOODWILL AND INTANGIBLE ASSETS

(1) Goodwill

1) Costs, accumulated impairment losses and carrying amounts

The increases/decreases in cost and accumulated impairment losses of goodwill were as follows.

[Costs]

	Millions of yen		Thousands of U.S. dollars
	2012	2013	2013
Balance at beginning of year	49,596	50,586	538,148
Acquisitions through business combinations	1,030	—	—
Exchange translation differences for foreign operations	(21)	125	1,329
Others	(18)	(54)	(574)
Balance at end of year	50,586	50,658	538,914

[Accumulated impairment losses]

	Millions of yen		Thousands of U.S. dollars
	2012	2013	2013
Balance at beginning of year	(4,195)	(4,195)	(44,627)
Impairment losses	(18)	(791)	(8,414)
Others	18	54	574
Balance at end of year	(4,195)	(4,933)	(52,478)

[Carrying amounts]

	Millions of yen			Thousands of U.S. dollars
	2011 (Transition Date)	2012	2013	2013
Carrying amount	45,400	46,390	45,725	486,436

2) Impairment tests

A cash-generating unit group to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that such unit may be impaired. Material carrying amounts of goodwill allocated to cash-generating unit groups were as follows:

	Millions of yen			Thousands of U.S. dollars
	2011 (Transition Date)	2012	2013	2013
Chemicals				
Parent company's chemical business	7,460	7,460	7,460	79,361
Consumer Lifestyle Business				
Domestic subsidiaries' food sales business	8,090	8,090	8,090	86,063

The recoverable amount of the cash-generating unit groups to which significant goodwill has been allocated was calculated based on its use value founded on the five-year forecast that was approved by management.

The five-year forecast of cash flows is based on budgets reflecting past performances. In addition, the main assumption used to determine such forecast was the growth rate of total gross profits through such terms, such growth rate being consistent with the forecasts of nominal GDP growth rate or the like of the countries in which such cash-generating unit groups are situated.

The discount rates before tax and ultimate growth rates which were used in calculating the use value of the cash-generating unit groups to which significant goodwill has been allocated for the years ended on the Transition Date, March 31, 2012 and March 31, 2013, respectively, were as follows:

(a) Discount rate before tax

	2011 (Transition Date)	2012	2013
Chemicals			
Parent company's chemical business	8.7%	8.7%	8.7%
Consumer Lifestyle Business			
The domestic subsidiaries' food sales business	7.9%	6.8%	6.8%

(b) Ultimate growth rate

In regards to cash flows for the terms beyond the five-year forecast period that was approved by management, the use value is calculated with a growth rate of 0% for each such term.

With respect to goodwill that has been allocated to cash-generating unit groups, the recoverable amount of such goodwill sufficiently exceeds its carrying amount. Thus, even if major assumptions are changed to a reasonable extent, it is expected that the probability of such recoverable amount becoming less than the carrying amount is unlikely.

(2) Intangible assets

Increases/decreases in costs and accumulated amortizations and accumulated impairment losses of intangible assets were as follows.

[Costs]

	Millions of yen			
	Software	Mining rights	Others	Total
Balance as of April 1, 2011 (Transition Date)	23,153	58,161	21,749	103,063
Acquisitions	2,208	3,786	3,926	9,921
Disposals	(1,106)	(214)	(85)	(1,406)
Reclassification to assets held for sale	(3)	—	(47)	(51)
Exchange translation differences for foreign operations	(19)	(715)	(122)	(857)
Others	207	(18)	(499)	(310)
Balance as of March 31, 2012	24,439	60,999	24,919	110,358
Acquisitions	1,736	498	3,344	5,578
Disposals	(658)	(4,739)	(540)	(5,938)
Exchange translation differences for foreign operations	126	8,068	3,135	11,330
Others	(177)	192	(947)	(933)
Balance as of March 31, 2013	25,465	65,018	29,911	120,396

	Thousands of U.S. dollars			
	Software	Mining rights	Others	Total
Balance as of March 31, 2012	259,989	648,925	265,095	1,174,021
Acquisitions	**18,468**	**5,297**	**35,574**	**59,340**
Disposals	**(7,000)**	**(50,414)**	**(5,744)**	**(63,170)**
Exchange translation differences for foreign operations	**1,340**	**85,829**	**33,351**	**120,531**
Others	**(1,882)**	**2,042**	**(10,074)**	**(9,925)**
Balance as of March 31, 2013	**270,904**	**691,680**	**318,202**	**1,280,808**

[Accumulated amortizations and accumulated impairment losses]

	Millions of yen			
	Software	Mining rights	Others	Total
Balance as of April 1, 2011 (Transition Date)	(16,304)	(11,250)	(4,396)	(31,952)
Amortization expenses	(2,412)	(4,456)	(931)	(7,801)
Impairment losses	(20)	(67)	(64)	(152)
Disposals	788	214	35	1,038
Reclassification to assets held for sale	2	—	15	18
Exchange translation differences for foreign operations	14	44	37	96
Others	214	—	103	317
Balance as of March 31, 2012	(17,717)	(15,516)	(5,201)	(38,435)
Amortization expenses	**(2,359)**	**(4,122)**	**(909)**	**(7,391)**
Impairment losses	**(52)**	**(1,358)**	**(11)**	**(1,422)**
Disposals	**540**	**522**	**538**	**1,601**
Exchange translation differences for foreign operations	**(71)**	**(2,869)**	**(675)**	**(3,617)**
Others	**497**	**11**	**212**	**721**
Balance as of March 31, 2013	**(19,164)**	**(23,333)**	**(6,046)**	**(48,544)**

	Thousands of U.S. dollars			
	Software	Mining rights	Others	Total
Balance as of March 31, 2012	(188,478)	(165,063)	(55,329)	(408,882)
Amortization expenses	**(25,095)**	**(43,851)**	**(9,670)**	**(78,627)**
Impairment losses	**(553)**	**(14,446)**	**(117)**	**(15,127)**
Disposals	**5,744**	**5,553**	**5,723**	**17,031**
Exchange translation differences for foreign operations	**(755)**	**(30,521)**	**(7,180)**	**(38,478)**
Others	**5,287**	**117**	**2,255**	**7,670**
Balance as of March 31, 2013	**(203,872)**	**(248,223)**	**(64,319)**	**(516,425)**

[Carrying amounts]

	Millions of yen			
	Software	Mining rights	Others	Total
Balance as of April 1, 2011 (Transition Date)	6,848	46,910	17,352	71,111
Balance as of March 31, 2012	6,722	45,482	19,718	71,922
Balance as of March 31, 2013	**6,301**	**41,685**	**23,864**	**71,852**
Balance as of March 31, 2013 (Thousands of U.S. dollars)	**67,032**	**443,457**	**253,872**	**764,382**

Of the above, a significant intangible asset is the mining right which is held by a subsidiary in Australia. As of the Transition Date, March 31, 2012 and March 31, 2013, the values of such mining right were 25,265 million yen, 25,114 million yen and 20,741 million yen (U.S.$220,648 thousand), respectively.

There were no internally-generated intangible assets as of each of the Transition Date, March 31, 2012 and March 31, 2013.

Amortization expenses were included in “Cost of sales” and “Selling, general and administrative expenses” under the Consolidated Statements of Profit or Loss.

10 INVESTMENT PROPERTY

(1) Costs, accumulated depreciations and accumulated impairment losses, carrying amounts and fair values of investment property

[Costs]

	Millions of yen		Thousands of U.S. dollars
	2012	2013	2013
Balance at beginning of year	67,691	63,522	675,765
Acquisitions	129	—	—
Increase due to expenditures after acquisitions	148	143	1,521
Disposals	(3,707)	(4,032)	(42,893)
Reclassification to assets held for sale	(582)	(566)	(6,021)
Reclassification to/from inventories or property, plant and equipment	2	(336)	(3,574)
Exchange translation differences for foreign operations	(172)	516	5,489
Others	10	(2,690)	(28,617)
Balance at end of year	63,522	56,556	601,659

[Accumulated depreciations and accumulated impairment losses]

	Millions of yen		Thousands of U.S. dollars
	2012	2013	2013
Balance at beginning of year	(17,255)	(17,163)	(182,585)
Depreciation expenses	(571)	(739)	(7,861)
Impairment losses	(1,222)	(2,992)	(31,829)
Disposals	1,489	2,501	26,606
Reclassification to assets held for sale	108	367	3,904
Reclassification to/from inventories or property, plant and equipment	(1)	236	2,510
Exchange translation differences for foreign operations	69	(163)	(1,734)
Others	220	1,451	15,436
Balance at end of year	(17,163)	(16,501)	(175,542)

[Carrying amounts and fair values]

	Millions of yen			Thousands of U.S. dollars
	2011 (Transition Date)	2012	2013	2013
Carrying amount	50,435	46,359	40,055	426,117
Fair values	51,523	46,846	43,432	462,042

For the year ended March 31, 2013, the main increase and decrease of "Others" was due to excluding a subsidiary that sells petrochemical products and the related products from the consolidation scope.

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

(2) Profit or loss relating to investment property

	Millions of yen		Thousands of U.S. dollars
	2012	2013	2013
Rental income from investment property	4,065	3,453	36,734
Expenses arising from investment property	(2,678)	(2,071)	(22,031)
Profit	1,386	1,382	14,702

Rental income from investment property was included in "Sales of services and others" under the Consolidated Statements of Profit or Loss.

Expenses arising from investment property (depreciation expenses, repair expenses, insurance fees, taxes or the like) correspond to rental income from such investment properties and were included in "Cost of sales", "Selling, general and administrative expenses" and "Other expenses" under the Consolidated Statements of Profit or Loss.

11 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Summarized financial information of associates and jointly controlled entities accounted for using the equity method is as follows.

	Millions of yen			Thousands of U.S. dollars
	2011 (Transition Date)	2012	2013	2013
Assets	2,705,272	2,876,955	2,484,367	26,429,436
Liabilities	1,767,022	1,950,710	1,565,054	16,649,510
Equity	938,249	926,244	919,312	9,779,914
Share of carrying amount for investments accounted for using the equity method	261,834	257,379	279,815	2,976,755

	Millions of yen		Thousands of U.S. dollars
	2012	2013	2013
Total revenue and income	4,376,483	4,106,145	43,682,393
Total cost and expenses	(4,308,794)	(4,081,885)	(43,424,308)
Profit for the year	67,688	24,260	258,085
Share of profit (loss) of investments accounted for using the equity method	16,296	15,784	167,914

The fair values of investments accounted for using the equity method, of which market prices have been published, as of the Transition Date, March 31, 2012 and March 31, 2013 were 8,826 million yen, 6,497 million yen and 7,940 million yen (U.S.$84,468 thousand), respectively.

12 OTHER INVESTMENTS

The breakdown of other investments is as follows.

	Millions of yen			Thousands of U.S. dollars
	2011 (Transition Date)	2012	2013	2013
Financial assets measured at fair value through profit or loss	3,386	1,772	1,064	11,319
Financial assets measured at fair value through other comprehensive income	126,262	112,147	113,532	1,207,787
Total	129,648	113,919	114,596	1,219,106
Current assets	1,346	697	—	—
Non-current assets	128,301	113,222	114,596	1,219,106
Total	129,648	113,919	114,596	1,219,106

13 OTHER CURRENT ASSETS AND OTHER NON-CURRENT ASSETS (NON-FINANCIAL ASSETS)

The breakdown of other current assets and other non-current assets (non-financial assets) is as follows.

	Millions of yen			Thousands of U.S. dollars
	2011 (Transition Date)	2012	2013	2013
Advance payments	50,773	37,709	26,016	276,765
Others	29,827	35,708	31,731	337,563
Total	80,600	73,417	57,748	614,340
Current assets	69,277	57,124	46,771	497,563
Non-current assets	11,323	16,293	10,976	116,765
Total	80,600	73,417	57,748	614,340

14 TRADE AND OTHER PAYABLES

The breakdown of trade and other payables is as follows.

	Millions of yen			Thousands of U.S. dollars
	2011 (Transition Date)	2012	2013	2013
Trade notes and accounts payables	432,887	468,544	437,759	4,657,010
Deposits received	63,118	59,254	54,358	578,276
Others	40,518	42,449	33,688	358,382
Total	536,523	570,249	525,806	5,593,680
Current liabilities	521,682	557,198	515,989	5,489,244
Non-current liabilities	14,841	13,050	9,816	104,425
Total	536,523	570,249	525,806	5,593,680

15 BONDS AND BORROWINGS

(1) Bonds and borrowings

The breakdown of bonds and borrowings is as follows.

	Millions of yen					Thousands of U.S. dollars
	2011 (Transition Date)	2012	2013	Average interest rate (Note)	Maturity date	2013
Short-term loans	111,990	144,002	137,469	2.18%	—	1,462,436
Commercial papers	2,000	2,000	2,000	0.18%	—	21,276
Current portion of bonds payable	59,962	34,983	29,989	—	—	319,031
Current portion of long-term loans	82,275	117,469	88,916	1.73%	—	945,914
Bonds payable (excluding current portion)	82,466	79,740	59,812	—	—	636,297
Long-term loans (excluding current portion)	777,128	739,850	758,819	1.84%	April 2014 – March 2031	8,072,542
Total	1,115,823	1,118,046	1,077,008			11,457,531
Current liabilities	256,228	298,455	258,375			2,748,670
Non-current liabilities	859,594	819,591	818,632			8,708,851
Total	1,115,823	1,118,046	1,077,008			11,457,531

(Note) "Average interest rate" is presented as the weighted average interest rate against the balance of the borrowings or the like at the end of the year. Borrowings hedged by derivative transactions, such as interest rate swaps or the like, for the purpose of avoiding the interest rate fluctuation risk, are calculated at the interest rate under such derivative transactions. "Interest rate" of bond is presented in "(2) Bonds".

As of March 31, 2013, the Company and some of its subsidiaries have entered into the following commitment line agreements for the purpose of strengthening the mobility of funding and the supplementary function of securing liquidity:

(a) 100 billion yen of commitment line agreement (not yet used); and,
(b) Multi-currency-type commitment line agreement in the amount equivalent to 300 million U.S. dollars (not yet used).

Since the Group has the intention and ability to refinance its borrowings from financial institutions, current portions of long-term loans of 50,062 million yen, 48,360 million yen and 42,945 million yen (U.S.$456,861 thousand) as of the Transition Date, March 31, 2012 and March 31, 2013, respectively, were presented as non-current liabilities based on the unused balance under commitment line agreements.

The Company is subject to financial covenants with respect to a portion of its borrowings from financial institutions, such as to maintain a certain level of consolidated net assets and the like, and the Company has complied with such covenants for the years ended March 31, 2012 and March 31, 2013. In addition, the Company monitors each compliance status to maintain the level to be required by such financial covenants.

(2) Bonds

Company name	Bond name	Date of issuance	Millions of yen: 2011 (Transition Date)	Millions of yen: 2012	Millions of yen: 2013	Interest rate	Collateral	Maturity date	Thousands of U.S. dollars: 2013
Issuing company	The 10th unsecured bond	December 1, 2006	19,985 (19,985)	—	—	2.38%	None	December 1, 2011	—
Issuing company	The 11th unsecured bond	January 23, 2007	19,982 (19,982)	—	—	2.39%	None	January 23, 2012	—
Issuing company	The 13th unsecured bond	July 27, 2007	9,984	9,996 (9,996)	—	2.16%	None	July 27, 2012	—
Issuing company	The 14th unsecured bond	September 20, 2007	14,975	14,991 (14,991)	—	1.79%	None	September 20, 2012	—
Issuing company	The 15th unsecured bond	October 29, 2007	9,975	9,985	9,994 (9,994)	1.90%	None	October 29, 2013	106,319 (106,319)
Issuing company	The 16th unsecured bond	June 2, 2008	19,995 (19,995)	—	—	1.87%	None	June 2, 2011	—
Issuing company	The 17th unsecured bond	June 2, 2008	9,976	9,987	9,998 (9,998)	2.19%	None	May 31, 2013	106,361 (106,361)
Issuing company	The 18th unsecured bond	July 25, 2008	9,983	9,995 (9,995)	—	2.00%	None	July 25, 2012	—
Issuing company	The 19th unsecured bond	May 31, 2010	9,966	9,981	9,997 (9,997)	1.03%	None	May 31, 2013	106,351 (106,351)
Issuing company	The 20th unsecured bond	October 26, 2010	9,951	9,961	9,972	0.91%	None	October 26, 2015	106,085
Issuing company	The 21st unsecured bond	June 21, 2011	—	9,954	9,965	1.01%	None	June 21, 2016	106,010
Issuing company	The 22nd unsecured bond	September 5, 2011	—	9,962	9,978	0.60%	None	September 5, 2014	106,148
Issuing company	The 23rd unsecured bond	September 5, 2011	—	9,952	9,963	0.90%	None	September 5, 2016	105,989
Issuing company	The 24th unsecured bond	March 2, 2012	—	9,954	9,970	0.72%	None	March 2, 2015	106,063
Issuing company	The 25th unsecured bond	July 31, 2012	—	—	9,963	0.62%	None	July 31, 2015	105,989
SPC Shobu Project (Note 1)	Specified bonds (with general lien)	November 25, 2008	7,653	—	—	3.35%	Exists	November 30, 2012	—
Total	—	—	142,429 (59,962)	114,724 (34,983)	89,802 (29,989)	—	—	—	955,340 (319,031)

Notes 1. The bonds issued by SPC Shobu Project were redeemed on June 30, 2011.
2. The amounts in parentheses under the columns for 2011, 2012 and 2013 are current portions of bonds payable.

16 PROVISIONS

The breakdown of increases/decreases in provisions is as follows.

	Millions of yen		
	Asset retirement obligations	Others	Total
Balance as of April 1, 2012	14,512	3,940	18,453
Increase for the year	2,806	134	2,941
Decrease for the year (incurred and charged against provisions)	(1,798)	(3,216)	(5,014)
Decrease for the year (unused amounts reversed)	(43)	—	(43)
Interest expenses for discounting	821	—	821
Change in discount rate	1,662	—	1,662
Exchange translation differences for foreign operations	2,125	(96)	2,029
Others	(549)	10	(538)
Balance as of March 31, 2013	19,538	773	20,312

	Thousands of U.S. dollars		
	Asset retirement obligations	Others	Total
Balance as of April 1, 2012	154,382	41,914	196,308
Increase for the year	29,851	1,425	31,287
Decrease for the year (incurred and charged against provisions)	(19,127)	(34,212)	(53,340)
Decrease for the year (unused amounts reversed)	(457)	—	(457)
Interest expenses for discounting	8,734	—	8,734
Change in discount rate	17,680	—	17,680
Exchange translation differences for foreign operations	22,606	(1,021)	21,585
Others	(5,840)	106	(5,723)
Balance as of March 31, 2013	207,851	8,223	216,085

The breakdown of provisions for each of current liabilities and non-current liabilities is as follows.

	Millions of yen			Thousands of U.S. dollars
	2011 (Transition Date)	2012	2013	2013
Current liabilities	1,680	4,074	1,419	15,095
Non-current liabilities	12,162	14,378	18,892	200,978
Total	13,843	18,453	20,312	216,085

Assets retirement obligations are mainly of removal costs relating to mining facilities or the like for oil and gas. Such costs mainly are expected to be paid after at least one year has passed, subject to effects from future business plans or the like.

17 OTHER CURRENT LIABILITIES AND OTHER NON-CURRENT LIABILITIES (NON-FINANCIAL LIABILITIES)

The breakdown of other current liabilities and other non-current liabilities (non-financial liabilities) is as follows.

	Millions of yen			Thousands of U.S. dollars
	2011 (Transition Date)	2012	2013	2013
Advances received	56,868	45,387	34,308	364,978
Others	19,953	25,546	23,155	246,329
Total	76,822	70,934	57,463	611,308
Current liabilities	70,288	60,314	50,150	533,510
Non-current liabilities	6,533	10,619	7,313	77,797
Total	76,822	70,934	57,463	611,308

18 ASSETS AS HELD FOR SALE AND LIABILITIES DIRECTLY RELATED THERETO

The breakdown of assets as held for sale and liabilities directly related thereto is as follows.

	Millions of yen			Thousands of U.S. dollars
	2011 (Transition Date)	2012	2013	2013
Assets as held for sale				
Trade and other receivables	2,750	141	—	—
Inventories	1,138	216	—	—
Property, plant and equipment	2,685	1,544	—	—
Investment property	—	474	198	2,106
Other investments	517	471	—	—
Others	1,803	1,250	1,104	11,744
Total	8,894	4,098	1,303	13,861
Liabilities directly relating to assets as held for sale				
Trade and other payables	2,218	411	—	—
Bonds and borrowings	206	767	—	—
Others	202	43	—	—
Total	2,627	1,221	—	—

Among the assets classified as held for sale and liabilities directly related thereto, trade and other receivables, trade and other payables and bonds and borrowings are measured at amortized cost and other investments are measured at fair value through other comprehensive income.

As of the Transition Date, the main assets classified as held for sale and liabilities directly related thereto, that were classified as held for sale concerned those of a subsidiary, which engages in the clothing business and was included in the Consumer Lifestyle Business segment. In order to reorganize its textile business, the Company decided to sell all of its shares in March 2011. Thus, it was classified as part of the disposal group held for sale. The sale was completed in May 2011.

As of March 31, 2012, the main assets, and liabilities directly related thereto, that were classified as held for sale were assets and liabilities of subsidiaries scheduled to be sold.

As of March 31, 2013, the main assets that were classified as held for sale were investments in an associate, which is included in the above "Others".

19 EQUITY

(1) Capital management

In order to enhance its enterprise value, the Company has as its basic policies the maintenance of a healthy financial position and stability in its funding structure, accumulation of its own equity through the realization of sustained growth and expansion of its financial base. The Company uses net DER* and risk assets ratio** as main indices for managing the Company's equity.

The Company has set as its goals the maintenance of net DER at less than 2.0 times and management of risk asset ratio to within 1.0 times of its own equity in the "Medium-term Management Plan for 2014", under which the final financial year-end date is March 31, 2015. The Company will achieve such goals by enhancing the effective rate of assets through the replacements of assets and by suppressing increases in borrowings. Such indices are periodically reported to and monitored by management.

* Net DER = (interest bearing liabilities - cash and cash equivalents) ÷ own equity (own equity = total equity amount less non-controlling interests)

** Risk assets ratio = risk asset (such asset amount calculated based on assessment of such risk in correspondence to the size of such risk) ÷ own equity

Net DERs and risk assets ratios as of the Transition Date, March 31, 2012 and March 31, 2013, respectively, were as follows.

	2011 (Transition Date)	2012	2013
Net DER	2.0 times	2.0 times	1.7 times
Risk assets ratio	1.0 times	1.0 times	0.9 times

(2) Number of authorized shares, issued shares and shares of treasury stocks

	Shares 2012	2013
Authorized: ordinary shares	2,500,000,000	2,500,000,000
Issued: ordinary shares		
Balance at beginning of year	1,251,499,501	1,251,499,501
Increase or decrease for the year	—	—
Balance at end of year	1,251,499,501	1,251,499,501
Treasury stock: ordinary shares		
Balance at beginning of year	352,882	411,427
Increase or decrease for the year	58,545	6,225
Balance at end of year	411,427	417,652

In addition to the above, the Group owns shares in Fuji Nihon Seito Corporation, one of its associates. As of the Transition Date, March 31, 2012 and March 31, 2013, the Group owned 200,000 shares.

(3) Surplus

1) Capital surplus

Capital surplus mainly consists of additional paid-in capital.

2) Retained earnings

Retained earnings consist of legal retained earnings and unappropriated profits. Retained earnings include the amounts of accumulated exchange translation differences for foreign operations. Retained earnings include the cumulative translation differences of foreign operations as of the Transition Date.

(4) Dividends

1) Amount of dividend payments

Resolution	Type of shares	Source of dividends	Amount of dividends (Millions of yen)	Amount of dividends (Thousands of U.S. dollars)	Dividend per share (Yen)	Recorded date	Payment date
Annual general shareholders' meeting on June 23, 2011	Ordinary shares	Retained earrings	1,876	19,957	1.5	March 31, 2011	June 24, 2011
Board of directors meeting on November 1, 2011	Ordinary shares	Retained earrings	1,876	19,957	1.5	September 30, 2011	December 2, 2011
Annual general shareholders' meeting on June 26, 2012	Ordinary shares	Retained earrings	1,876	19,957	1.5	March 31, 2012	June 27, 2012
Board of directors meeting on November 2, 2012	Ordinary shares	Retained earrings	1,876	19,957	1.5	September 30, 2012	December 4, 2012

2) Dividends to be proposed to shareholders at the annual general shareholders' meeting on June 25, 2013

Resolution	Type of shares	Source of dividends	Amount of dividends (Millions of yen)	Amount of dividends (Thousands of U.S. dollars)	Dividend per share (Yen)	Recorded date	Payment date
Annual general meeting on June 25, 2013	Ordinary shares	Retained earrings	1,876	19,957	1.5	March 31, 2013	June 26, 2013

20 SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

The breakdown of selling, general and administrative expenses is as follows.

	Millions of yen 2012	2013	Thousands of U.S. dollars 2013
Employee benefits expenses	(80,111)	(80,654)	(858,021)
Traveling expenses	(6,927)	(6,740)	(71,702)
Rent expenses	(11,598)	(10,584)	(112,595)
Outsourcing expenses	(10,772)	(10,179)	(108,287)
Depreciation and amortization expenses	(6,632)	(6,616)	(70,382)
Others	(37,621)	(36,316)	(386,340)
Total	(153,663)	(151,091)	(1,607,351)

21 GAINS (LOSSES) ON SALE AND DISPOSAL OF FIXED ASSETS

The breakdown of gains (losses) on sale and disposal of fixed assets is as follows.

	Millions of yen		Thousands of U.S. dollars
	2012	2013	2013
Gain on sale of property, plant and equipment	2,685	2,253	23,968
Gain on sale of intangible assets	—	1,145	12,180
Gain on sale of investment property	—	67	712
Total of gain on sale of fixed assets	2,685	3,466	36,872
Loss on sale of property, plant and equipment	(235)	(925)	(9,840)
Loss on sale of intangible assets	(66)	(85)	(904)
Loss on sale of investment property	(118)	(0)	(0)
Total of loss on sale of fixed assets	(420)	(1,011)	(10,755)
Loss on disposal of property, plant and equipment	(208)	(184)	(1,957)
Loss on disposal of intangible assets	(217)	(60)	(638)
Total of loss on disposal of fixed assets	(425)	(245)	(2,606)
Total of gain (loss) on sale and disposal of fixed assets, net	1,839	2,209	23,500

22 IMPAIRMENT LOSS

Impairment losses were included in “Impairment loss on fixed assets” and “Loss on reorganization of subsidiaries/associates” under the Consolidated Statements of Profit or Loss. The breakdown of impairment losses by asset type is as follows.

	Millions of yen		Thousands of U.S. dollars
	2012	2013	2013
Property, plant and equipment	(1,816)	(7,133)	(75,882)
Goodwill	(18)	(791)	(8,414)
Intangible assets	(152)	(1,422)	(15,127)
Investment property	(1,222)	(2,992)	(31,829)
Total	(3,209)	(12,340)	(131,276)
Impairment loss on fixed assets	(3,190)	(11,549)	(122,861)
Loss on reorganization of subsidiaries/associates	(18)	(791)	(8,414)
Total	(3,209)	(12,340)	(131,276)

Impairment losses recognized for the year ended March 31, 2012 were mainly with respect to structures belonging to the “Energy & Metal” segment and investment property belonging to the “Others” segment, resulting from a decline or the like in profitability.

With respect to oil and gas fields in Australia which belongs to the “Energy & Metal” segment, impairment losses of 3,808 million yen (U.S.$40,510 thousand) relating to the tangible fixed assets of which recoverable amount was estimated at a zero were recognized for the year ended March 31, 2013 as future cash flows that were forecasted under such group’s business plan could not be expected.

In addition, with respect to a part of oil and gas fields in the United States, impairment losses were recognized for the year ended March 31, 2013 as well.

23 LOSS ON REORGANIZATION OF SUBSIDIARIES/ASSOCIATES

The breakdown of loss on reorganization of subsidiaries/associates is as follows.

	Millions of yen		Thousands of U.S. dollars
	2012	2013	2013
Loss from valuation of subsidiaries/associates	(156)	—	—
Loss on sale of subsidiaries/associates and loss from other transaction relating to subsidiaries/associates	(1,554)	(2,733)	(29,074)
Impairment loss	(18)	(791)	(8,414)
Total	(1,728)	(3,525)	(37,500)

24 EXCHANGE DIFFERENCES

Exchange differences recognized as profit or loss for the years ended March 31, 2012 and March 31, 2013 were losses of 2,794 million yen and 3,517 million yen (U.S.$ 37,414 thousand), respectively, and were included in “Other operating expenses” under the Consolidated Statements of Profit or Loss. In addition, each amount includes profits or losses arising from currency-related derivatives which was arranged for the purpose of hedging the foreign currency risk.

25 FINANCIAL INCOME AND FINANCIAL COSTS

The breakdown of financial income and financial costs is as follows.

	Millions of yen		Thousands of U.S. dollars
	2012	2013	2013
Financial income			
Interest income			
Financial assets measured at amortized cost	5,419	5,036	53,574
Financial assets measured at fair value through profit or loss	198	12	127
Derivatives	(64)	(65)	(691)
Total interest income	5,552	4,984	53,021
Dividends			
Financial assets measured at fair value through profit or loss	—	0	0
Financial assets measured at fair value through other comprehensive income	3,283	2,760	29,361
Total dividends	3,283	2,761	29,372
Gain on sales of financial instruments (Note)			
Financial assets measured at fair value through profit or loss	39	208	2,212
Total gain on sales of financial instruments	39	208	2,212
Gain arising from change in the fair value of financial instruments (Note)			
Financial assets measured at fair value through profit or loss	—	67	712
Total gain arising from change in the fair value of financial instruments	—	67	712
Total financial income	8,875	8,022	85,340
Financial costs			
Interest expenses			
Financial liabilities measured at amortized cost	(20,630)	(18,731)	(199,265)
Derivatives	(2,545)	(1,694)	(18,021)
Interest expenses concerning provisions	(671)	(821)	(8,734)
Total interest expenses	(23,848)	(21,247)	(226,031)
Loss arising from change in the fair value of financial instruments (Note)			
Financial assets measured at fair value through profit or loss	(338)	—	—
Total loss arising from change in the fair value of financial instruments	(338)	—	—
Total financial cost	(24,186)	(21,247)	(226,031)

(Note) “Gain on sales of financial instruments” and “Gain arising from change in the fair value of financial instruments” were included in “Other financial income” and “Loss arising from change in the fair value of financial instruments” was included in "Other financial costs" under the Consolidated Statements of Profit or Loss.

Other than the above, net gain or loss arising from change in the fair value of commodity-related derivatives was included in “Sales of the services and others” and “Cost of sales” under the Consolidated Statements of Profit or Loss in the net loss of 107 million yen for the year ended March 31, 2012 and 146 million yen (U.S.$1,553 thousand) for the year ended March 31, 2013.

In addition, net gain or loss arising from change in the fair value of currency-related derivatives was included in “Other operating expenses” under the Consolidated Statements of Profit or Loss in the net loss of 12,077 million yen for the year ended March 31, 2012 and 3,319 million yen (U.S.$35,308 thousand) for the year ended March 31, 2013.

26 EARNINGS (LOSSES) PER SHARE

(1) Basic earnings (losses) per share and diluted earnings per share

	Yen		U.S. dollars
	2012	2013	2013
Basic earnings (losses) per share	(0.83)	10.75	0.11
Diluted earnings (losses) per share	(0.84)	10.75	0.11

(2) Bases for calculation of basic earnings (losses) per share and diluted earnings (losses) per share

	Millions of yen		Thousands of U.S. dollars
	2012	2013	2013
Profit (loss) used to calculate basic and diluted earnings (losses) per share			
Profit (loss) for the year, attributable to the owners of the parent company	(1,040)	13,448	143,063
Amount not attributable to the ordinary shareholders of the parent company	—	—	—
Profit (loss) used to calculate basic earnings (losses) per share	(1,040)	13,448	143,063
Profit adjustment amount			
Adjustment amount concerning share options to be issued by associates	(4)	(2)	(21)
Profit (loss) used to calculate diluted earnings (losses) per share	(1,044)	13,445	143,031

	Thousands of shares	
	2012	2013
Weighted average number of ordinary shares to be used to calculate basic and diluted earnings (losses) per share		
Weighted average number of ordinary shares used to calculate basic earnings (losses) per share	1,251,095	1,251,085
Effects of dilutive latent ordinary shares	—	—
Weighted average number of ordinary shares used to calculate diluted earnings (losses) per share	1,251,095	1,251,085

27 OTHER COMPREHENSIVE INCOME

The reclassification adjustment amounts and tax effect amounts for the breakdown of each item of other comprehensive income are as follows.

	Millions of yen		Thousands of U.S. dollars
	2012	2013	2013
Financial assets measured at fair value through other comprehensive income			
Amount arising during the year	(6,394)	13,821	147,031
Amount before income tax effect	(6,394)	13,821	147,031
Income tax effect	5,383	(2,648)	(28,170)
Financial assets measured at fair value through other comprehensive income	(1,010)	11,172	118,851
Actuarial gains (losses) on defined benefits plans			
Amount arising during the year	(1,297)	(524)	(5,574)
Amount before income tax effect	(1,297)	(524)	(5,574)
Income tax effect	424	126	1,340
Actuarial gains (losses) on defined benefits plans	(872)	(398)	(4,234)
Exchange translation differences for foreign operations			
Amount arising during the year	(12,336)	34,016	361,872
Reclassification adjustment amount	(168)	492	5,234
Exchange translation differences for foreign operations	(12,505)	34,509	367,117
Cash flow hedges			
Amount arising during the year	2,172	3,028	32,212
Reclassification adjustment amount	(2,858)	(2,711)	(28,840)
Amount before income tax effect	(686)	317	3,372
Income tax effect	(258)	(846)	(9,000)
Cash flow hedges	(945)	(528)	(5,617)
Total other comprehensive income for the year	(15,334)	44,754	476,106

28 CASH FLOW INFORMATION

(1) Cash and cash equivalents

The breakdown of cash and cash equivalents and its relationship to the amounts presented in the consolidated statements of financial position are as follows.

	Millions of yen			Thousands of U.S. dollars
	2011 (Transition Date)	2012	2013	2013
Cash on hand and bank deposits except for time deposits with original term of more than three months	407,507	424,995	424,271	4,513,521
Short-term investments with original maturity of three months or less	4,125	599	100	1,063
Cash and cash equivalents under the Consolidated Statements of Financial Position	411,632	425,595	424,371	4,514,585
Cash and cash equivalents under the Consolidated Statements of Cash Flows	411,632	425,595	424,371	4,514,585

(2) Net proceeds from (payments for) acquisition of subsidiaries

The breakdown of main assets and liabilities of subsidiaries at the time control thereof was newly obtained by the Group, and the relationship between the acquisition costs and net payment for such acquisitions, are as follows.

	Millions of yen		Thousands of U.S. dollars
	2012	2013	2013
Breakdown of assets, at the time the Group obtained control of the subsidiaries			
Current assets	5,463	0	0
Non-current assets	7,846	5,021	53,414
Breakdown of liabilities, at the time the Group obtained control of the subsidiaries			
Current liabilities	2,167	—	—
Non-current liabilities	7,362	—	—

	Millions of yen		Thousands of U.S. dollars
	2012	2013	2013
Acquisition costs	(3,394)	(5,625)	(59,840)
Cash and cash equivalents of assets acquired, at the time the Group obtained control of the subsidiaries	1,054	0	0
Net payment from acquisitions of subsidiaries	(2,340)	(5,624)	(59,829)

(3) Net proceeds from (payments for) sale of subsidiaries

The breakdown of main assets and liabilities of subsidiaries at the time control thereof was lost by the Group, and the relationship between the sale proceeds and net payment for or net proceeds from such sale, are as follows.

	Millions of yen		Thousands of U.S. dollars
	2012	2013	2013
Breakdown of assets, at the time the Group lost control of the subsidiaries			
Current assets	4,448	29,406	312,829
Non-current assets	2,025	12,355	131,436
Breakdown of liabilities, at the time the Group lost control of the subsidiaries			
Current liabilities	6,876	30,027	319,436
Non-current liabilities	703	4,063	43,223

	Millions of yen		Thousands of U.S. dollars
	2012	2013	2013
Proceeds from sales	285	7,403	78,755
Cash and cash equivalents of assets excluded, at the time the Group lost control of the subsidiaries	(992)	(5,873)	(62,478)
Net (payment for) proceeds from sales of subsidiaries	(707)	1,530	16,276

29 EMPLOYEE BENEFITS

(1) Post-employment benefit

1) General outline of the retirement benefits plans implemented

The Company has a defined contribution pension plan, lump-sum payment plan and prepaid retirement allowance plan as its retirement benefits plans.

Certain domestic subsidiaries have welfare pension funds and/or lump-sum payment plans mainly as defined benefit-type plans. Some foreign subsidiaries also have defined benefit-type plans.

In some cases, severance pay is paid out upon an employee's retirement.

2) Defined benefits plan

(a) Assets and liabilities recognized under the consolidated statements of financial position

	Millions of yen			Thousands of U.S. dollars
	2011 (Transition Date)	2012	2013	2013
Defined benefits plan obligations (Funded)	7,322	7,732	7,656	81,446
Fair value of plan assets	(4,336)	(4,380)	(4,673)	(49,712)
Subtotal	2,986	3,352	2,982	31,723
Defined benefits plan obligations (Unfunded)	11,263	12,255	13,111	139,478
Total	14,250	15,607	16,094	171,212
Amounts under the Consolidated Statements of Financial Position				
Liabilities (Retirement benefits liabilities)	14,311	15,674	16,158	171,893
Assets (Other non-current assets)	(61)	(67)	(63)	(670)
Net liabilities recognized under the Consolidated Statements of Financial Position	14,250	15,607	16,094	171,212

(b) Change in present value of the defined benefits plan obligations

	Millions of yen		Thousands of U.S. dollars
	2012	2013	2013
Balance at beginning of year	18,586	19,987	212,627
Service costs for the year	1,991	1,926	20,489
Interest expenses	372	367	3,904
Actuarial gains (losses)	1,193	598	6,361
Benefits paid	(2,020)	(1,312)	(13,957)
Past service costs	36	321	3,414
Business combinations	2	14	148
Curtailments and settlements	(71)	(24)	(255)
Exchange translation differences	(53)	440	4,680
Others	(49)	(1,552)	(16,510)
Balance at end of year	19,987	20,768	220,936

For the year ended March 31, 2013, the main increase and decrease of "Others" was due to excluding a subsidiary that sells petrochemical products and the related products from the consolidation scope.

(c) Change in fair value of plan assets

	Millions of yen		Thousands of U.S. dollars
	2012	2013	2013
Balance at beginning of year	4,336	4,380	46,595
Expected return on plan assets	132	156	1,659
Actuarial gains (losses)	(59)	225	2,393
Contributions by the employer	648	590	6,276
Benefits paid	(638)	(482)	(5,127)
Settlements	(23)	—	—
Exchange translation differences	(18)	270	2,872
Others	3	(467)	(4,968)
Balance at end of year	4,380	4,673	49,712

For the year ended March 31, 2013, the main increase and decrease of "Others" was due to excluding a subsidiary that sells petrochemical products and the related products from the consolidation scope.

Actual returns on plan asset investments for the years ended March 31, 2012 and March 31, 2013 were 73 million yen and 382 million yen (U.S.$4,063 thousand), respectively.

The breakdown by category of each asset included in fair value of the plan assets' total is as follows.

	2011 (Transition Date)	2012	2013
Equity securities	38%	40%	38%
Debt securities	43%	41%	42%
General accounts of life insurance companies	12%	14%	15%
Others	7%	5%	5%
Total	100%	100%	100%

(d) Retirement benefits expenses

	Millions of yen		Thousands of U.S. dollars
	2012	2013	2013
Service costs for the year	1,991	1,926	20,489
Interest expenses	372	367	3,904
Expected return on plan assets	(132)	(156)	(1,659)
Past service costs	36	321	3,414
Curtailments and settlements	(47)	(9)	(95)
Total	2,221	2,449	26,053

Retirement benefits expenses were included in "Cost of sales" and "Selling, general and administration expenses" under the Consolidated Statements of Profit or Loss.

(e) Amount recognized for the year and cumulative amount of actuarial gains (losses) recognized in other comprehensive income

	Millions of yen		Thousands of U.S. dollars
	2012	2013	2013
Cumulative amount of actuarial gains (losses) at beginning of year	—	(1,252)	(13,319)
Amount recognized for the year	(1,252)	(373)	(3,968)
Cumulative amount of actuarial gains (losses) at end of year	(1,252)	(1,625)	(17,287)

(f) Principal actuarial assumptions

	2012	2013
Discount rate	2.2%	2.7%
Expected return ratio on plan assets	3.7%	3.9%

Expected return on plan assets is determined by considering, among other things, the portfolio of plan assets, historical returns, future policies for investments and market trends.

(g) Change in reserves

	Millions of yen			Thousands of U.S. dollars
	2011 (Transition Date)	2012	2013	2013
Present value of defined benefits plan obligations (Funded)	18,586	19,987	20,768	220,936
Fair value of plan assets	4,336	4,380	4,673	49,712
Reserves	(14,250)	(15,607)	(16,094)	(171,212)
Experience adjustments on plan obligations	—	1,193	598	6,361
Experience adjustments on plan assets	—	(59)	225	2,393

(h) Contributions expected to be paid for next fiscal year
The Group expects to pay 509 million yen (U.S.$5,414 thousand) in contributions with respect to the plan assets for the year ending March 31, 2014.

3) Defined contribution plan
The recognized expenses with respect to the defined contribution plan for the years ended March 31, 2012 and March 31, 2013 were 1,434 million yen and 2,188 million yen (U.S.$23,276 thousand), respectively.

4) Multi-employer plans

Certain subsidiaries participate in the "Sojitz Group Pension Fund", which employs a multi-employer plan (allied-employer funds-type which is established by affiliated employers within a group of businesses). The plan is a defined benefits plan, however, in regards to unamortized past services obligations, such plan does not provide for the contribution rate of or the proportionate share of contributions owed by each employer. As such the amounts of pension assets which correspond to the contributions made by such subsidiaries cannot be reasonably calculated. Thus, with respect to such subsidiaries, a method in which the necessary contributions made to such pension fund are accounted for as retirement benefits expenses is applied.

In addition, one of the Company's subsidiaries, Nissho Electronics Corporation, participates in the "Tokyo Electric Industry Employee's Pension Fund Organization", which is also a multi-employer plan (multi-employer funds-type established by an association of multiple companies joined together under certain conditions). Such plan is a defined benefits plan, however, as it comprises multiple companies, the amount of pension assets which correspond to the contributions made by Nissho Electronics Corporation cannot be reasonably calculated. Thus, with respect to Nissho Electronics Corporation, a method, in which the necessary contributions made to such pension fund are accounted for as retirement benefits expenses, is applied.

(a) Matters regarding reserves for plans as a whole

	Millions of yen		
	At March 31, 2010	At March 31, 2011	At March 31, 2012
Sojitz Group Pension Fund			
Amount of pension assets	12,197	14,882	16,053
Benefit obligations amount based on fixed pension formula	18,705	17,316	17,399
Net	(5,787)	(2,433)	(1,345)
Share of contributions by the Group in the plan as a whole	41.8%	43.2%	39.7%
Tokyo Electric Industry Employee's Pension Fund Organization			
Amount of pension assets	267,165	258,978	254,797
Benefit obligations amount based on fixed pension formula	304,796	300,200	299,366
Net	(37,630)	(41,221)	(44,568)
Share of contributions by the Group in the plan as a whole	2.6%	2.6%	2.7%

"Net" in the above table consists of the deficits amount, the adjustment amount of asset revaluation and the balance of unamortized past services obligations based on the pension actuarial revaluation.

With respect to deficits calculated under pension actuarial revaluation, measures such as increasing the rate of special contributions to be made and the like are being taken as needed. Unamortized past service obligations are accounted for as liabilities.

Please note that the above-stated "Share of contributions by the Group in the plan as a whole" does not match the actual share of its obligation.

(b) Recognized expenses with respect to multi-employer plans

The total amounts of recognized expenses with respect to multi-employer plans each being accounted for as a defined contribution plan for the years ended March 31, 2012 and March 31, 2013 were 909 million yen and 505 million yen (U.S.$5,372 thousand), respectively.

(2) Employee benefits expenses

The total amounts of employee benefits expenses recognized as expenses for the years ended March 31, 2012 and 2013 were 94,764 million yen and 93,939 million yen (U.S.$999,351 thousand), respectively. Employee benefits expenses were included in "Cost of sales" and "Selling, general and administration expenses" under the Consolidated Statements of Profit or Loss.

30 DEFERRED TAXES AND INCOME TAX EXPENSES

(1) Deferred taxes

1) Breakdown of deferred tax assets and deferred tax liabilities

The breakdown of main deferred tax assets and deferred tax liabilities by cause was as follows.

	Millions of yen			Thousands of U.S. dollars
	2011 (Transition Date)	2012	2013	2013
Deferred tax assets				
Allowance for doubtful receivables	14,703	11,353	13,441	142,989
Tax losses carried forward	247,262	115,037	71,289	758,393
Other investments	29,438	26,070	23,035	245,053
Retirement benefits liabilities	5,146	4,969	5,130	54,574
Depreciation	2,703	20,894	19,456	206,978
Others	38,825	31,082	31,463	334,712
Valuation allowance	(244,248)	(158,817)	(107,217)	(1,140,606)
Total deferred tax assets	93,832	50,590	56,599	602,117
Offset with deferred tax liabilities	(41,769)	(35,258)	(47,137)	(501,457)
Total deferred tax assets, net	52,063	15,332	9,461	100,648
Deferred tax liabilities				
Depreciation	(27,615)	(25,518)	(28,459)	(302,755)
Other investments	(19,638)	(13,172)	(16,198)	(172,319)
Others	(13,485)	(16,401)	(19,606)	(208,574)
Total deferred tax liabilities	(60,738)	(55,093)	(64,264)	(683,659)
Offset with deferred tax assets	41,769	35,258	47,137	501,457
Total deferred tax liabilities, net	(18,969)	(19,834)	(17,127)	(182,202)
Net deferred tax assets	33,093	(4,502)	(7,665)	(81,542)

The Company and its wholly owned domestic subsidiaries adopt a consolidated taxation system. The Company and some of such subsidiaries recognized tax losses carried forward and deferred tax assets for the tax losses carried forward only to the extent there was a strong possibility that they can be used against future taxable income within rational estimate periods, since they could recognize taxable income each period if there was not non-ordinary factors. The taxable income was calculated based on estimation for increase and decrease of the temporally differences and was approved by the Company's management. As of March 31, 2013, the Group recognized deferred tax assets of 13,765 million yen (U.S.$146,436 thousand) for the tax losses carried forward.

2) Contents of changes in deferred tax assets and deferred tax liabilities

Contents of changes in deferred tax assets and deferred tax liabilities were as follows.

	Millions of yen		Thousands of U.S. dollars
	2012	2013	2013
Net deferred tax assets' balance at beginning of year	33,093	(4,502)	(47,893)
Deferred tax expenses	(42,020)	1,513	16,095
Income tax concerning other comprehensive income	5,549	(3,368)	(35,829)
Change in consolidation scope	(638)	(630)	(6,702)
Others	(486)	(678)	(7,212)
Net deferred tax assets' balance at end of year	(4,502)	(7,665)	(81,542)

3) Deductible temporary differences, tax losses carried forward and tax credits, all for which deferred tax assets were not recognized

The breakdown of deductible temporary differences, tax losses carried forward (by deferral period) and tax credits (by deferral period), all for which deferred tax assets were not recognized under the consolidated statements of financial position were as follows.

	Millions of yen			Thousands of U.S. dollars
	2011 (Transition Date)	2012	2013	2013
Deductible temporary differences	142,692	229,523	219,230	2,332,234
Tax losses carried forward				
Deferral period of one year or less	279,886	152,196	6,837	72,734
Deferral period between one and five years	140,427	61,962	68,046	723,893
Deferral period over five years	29,362	24,493	43,729	465,202
Total tax losses carried forward	449,676	238,652	118,613	1,261,840
Tax credits				
Deferral period of one year or less	6,097	704	839	8,925
Deferral period between one and five years	1,632	1,684	3,940	41,914
Deferral period over five years	—	8	—	—
Total tax credits	7,730	2,398	4,779	50,840

4) Temporary differences relating to investments in subsidiaries or the like for which deferred tax liabilities were not recognized

The total amounts of temporary differences relating to investments in subsidiaries or the like for which deferred tax liabilities were not recognized as of the Transition Date, March 31, 2012 and March 31, 2013 were 69,498 million yen, 72,277 million yen and 102,017 million yen (U.S.$1,085,287 thousand), respectively. Because the Group is able to control the timing of the reversal of such temporary differences, and there is a probability that such temporary differences will not be reversed within the foreseeable future, the Group did not recognize deferred tax liabilities with respect to such temporary differences.

(2) Income tax expenses

1) Breakdown of income tax expenses

The breakdown of income tax expenses was as follows.

	Millions of yen		Thousands of U.S. dollars
	2012	2013	2013
Current tax expenses	(14,714)	(12,572)	(133,744)
Deferred tax expenses			
Origination and reversal of temporary differences	10,009	12,978	138,063
Assessment of recoverability of deferred tax assets	(49,502)	(11,187)	(119,010)
Change in tax rate	(2,527)	(278)	(2,957)
Total deferred tax expenses	(42,020)	1,513	16,095
Total income tax expenses	(56,735)	(11,058)	(117,638)

The amounts of the benefits arising from a previously unrecognized tax losses or temporary differences of a prior period that were used to reduce current tax expenses for the years ended March 31, 2012 and March 31, 2013 were 7,526 million yen and 6,806 million yen (U.S.$72,404 thousand), respectively, and these benefits were included in the current tax expenses.

2) Reconciliation of applicable tax rate in Japan

Reconciliations between the applicable tax rate in Japan and the Group's average effective tax rate are shown in the following chart.

	2012	2013
Applicable tax rate in Japan	41.0%	38.0%
(Reconciliation)		
Effects based on assessment of recoverability of deferred tax assets	43.5%	7.3%
Effects associated with consolidated elimination of dividend income	19.5%	1.7%
Effects from profit (loss) on investment under the equity method	(11.6)%	(22.1)%
Difference in applicable tax rate of foreign subsidiaries	(8.1)%	(7.9)%
Combined income of specified foreign subsidiaries or the like	3.8%	6.2%
Withholding tax in foreign countries	2.0%	6.0%
Correction of tax rate reduction	4.3%	1.0%
Others	2.7%	9.2%
Group's average effective tax rate	97.1%	39.4%

The applicable tax rate in Japan for 2013 is approximately 38.01% based on Japan's corporate tax, inhabitant tax and business tax.

In Japan, 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 the "Act on Special Measures for Securing Financial Resources Necessary to Implement Measures for Reconstruction following the Great East Japan Earthquake" (Act no. 117 of 2011), and effective from fiscal years beginning on and after April 1, 2012, the corporate tax rates were amended. Accordingly, the applicable income tax rate used to calculate the deferred tax assets and deferred tax liabilities will be reduced from 40.69% to 38.01% for temporary differences or the like expected to be reversed some time between April 1, 2012 and March 31, 2015, and to 35.64% for temporary differences expected to be reversed from April 1, 2015.

31 FINANCIAL INSTRUMENTS

(1) Classes of financial instruments

The breakdown of financial instruments per each class was as follows.

	Millions of yen			Thousands of U.S. dollars
	2011 (Transition Date)	2012	2013	2013
Financial assets				
Cash and cash equivalents · time deposits	418,676	441,710	433,685	4,613,670
Financial assets measured at amortized cost				
Trade and other receivables	571,574	610,023	571,653	6,081,414
Total financial assets measured at amortized cost	571,574	610,023	571,653	6,081,414
Financial assets measured at fair value through profit or loss				
Other investments	3,386	1,772	1,064	11,319
Derivative financial assets	4,602	3,792	4,330	46,063
Total financial assets measured at fair value through profit or loss	7,989	5,564	5,394	57,382
Financial assets measured at fair value through other comprehensive income				
Other investments	126,262	112,147	113,532	1,207,787
Total financial assets measured at fair value through other comprehensive income	126,262	112,147	113,532	1,207,787
Total financial assets	1,124,502	1,169,445	1,124,264	11,960,255
Financial liabilities				
Financial liabilities measured at amortized cost				
Trade and other payables	536,523	570,249	525,806	5,593,680
Bonds and borrowings	1,115,823	1,118,046	1,077,008	11,457,531
Total financial liabilities measured at amortized cost	1,652,347	1,688,295	1,602,814	17,051,212
Financial liabilities measured at fair value through profit or loss				
Derivative financial liabilities	9,849	12,032	17,837	189,755
Total financial liabilities measured at fair value through profit or loss	9,849	12,032	17,837	189,755
Total financial liabilities	1,662,196	1,700,327	1,620,652	17,240,978

(2) Basic policies for risk management of financial instruments

As a general trading company, the Group engages in a wide range of businesses globally, including buying, selling, importing, and exporting of goods, manufacturing and selling of various products, provision of services, planning and coordinating of various projects, investments to various business fields and conducting of financial activities, both domestically and internationally. Such businesses are inherently exposed to various risks. The Group defines and classifies risks per each risk item and manages each of them in accordance with its nature.

(3) Credit risk management

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 the Company's credit rating system. 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 employs other safeguards (e.g., collaterals and guarantees) as warranted by the customer's creditworthiness. Additionally, the Group has a system for assessing receivables, in which customers are extracted based on a certain criteria, then assessed for their creditworthiness. With respect to such selected customers, the Group also checks for existence of any receivables, protection measures or the like. Through the above, the Group endeavors to more rigorously ascertain credit risk and calculate the allowance for doubtful accounts for each account receivables. Please note that the Group does not carry any excessive credit risk with respect to any specified customer.

In regards to derivative transactions, the Group only deals with financial institutions with high credit ratings, as assigned by internationally-acknowledged rating agencies, so as to minimize the credit risks. The Group also periodically reviews the credit ratings of counterparties to such derivative transactions and re-evaluates credit limits so as to minimize credit risks based on non-performance by such counterparties.

1) Maximum exposure to credit risk

Other than guaranteed obligations, the Group's maximum exposure with respect to credit risks without taking into account any collaterals held or other credit enhancements is the carrying amount of financial instruments less impairment losses under the Consolidated Statements of Financial Position. On the other hand, the Group's maximum exposures to credit risks concerning guaranteed obligations as of the Transition Date, March 31, 2012 and March 31, 2013 were 40,395 million yen, 37,971 million yen and 30,118 million yen (U.S.$320,404 thousand), respectively.

2) Financial assets that are past the due date

The analysis of aging of trade and other receivables that were past the due date but not impaired as of the end of the year was as follows. The amounts below include amounts expected to be collected through acquisition of security, insurance coverage or the like.

	Millions of yen			Thousands of U.S. dollars
	2011 (Transition Date)	2012	2013	2013
Within three months or less past due date	16,809	17,350	15,378	163,595
Between three and six months past due date	649	2,124	919	9,776
Between six months and one year past due date	743	1,720	624	6,638
Over one year past due date	8,112	5,475	4,378	46,574
Total	26,315	26,670	21,299	226,585

3) Financial assets of which impairment has occurred

The Group establishes the allowance for doubtful accounts for each major customer by reviewing, among other matters, such customer's financial conditions and credit ratings, status of collection of receivables with respect to such customer, amendments to payment conditions, industry trends and state of affairs of the country/region in which such customer was situated. Trade and other receivables that were individually determined to be impaired as of the end of the year were as follows.

	Millions of yen			Thousands of U.S. dollars
	2011 (Transition Date)	2012	2013	2013
Trade and other receivables	78,847	72,915	63,515	675,691
Allowance for doubtful accounts	(55,817)	(48,523)	(47,144)	(501,531)
Total	23,030	24,391	16,371	174,159

4) Changes in allowance for doubtful accounts

When financial assets are impaired, the Group does not directly deduct such impairment losses from the carrying amount of such financial assets. Instead, the Group accounts for such impairment loss under the allowance for doubtful accounts. Changes in allowance for doubtful accounts were as follows.

	Millions of yen		Thousands of U.S. dollars
	2012	2013	2013
Balance at beginning of year	59,311	51,895	552,074
Increase for the year	3,939	2,086	22,191
Decrease for the year (incurred and charged against the provision)	(7,754)	(5,489)	(58,393)
Decrease for the year (unused amounts reversed)	(3,432)	(1,681)	(17,882)
Exchange translation differences	(168)	2,358	25,085
Balance at end of year	51,895	49,169	523,074

(4) Liquidity risk management

The Group raises funds through borrowings from financial institutions or issuance of bonds. Accordingly, in the event of a disruption to the financial system or financial/capital markets, or a major downgrade of the Group's credit rating by a rating agency, the Group's fundraising becomes constrained and consequently there is a possibility that the Group will not be able to carry out the payment on the date of payment. The Group has a long-term commitment line agreement in the amount of 100 billion yen and a multi-currency commitment line agreement in the amount of 300 million U.S. dollars for the securing of liquidity/stability of funds. The Group makes efforts to maintain good relationships with each financial institution, including each of the counterparties to the commitment line agreements.

1) Non-derivative financial liabilities

The breakdown of non-derivative financial liabilities by due date was as follows.

2011 (Transition Date)

	Millions of yen			
	Within one year	Between one and five years	Over five years	Total
Trade and other payables	520,866	15,621	548	537,035
Bonds and borrowings	273,440	844,036	46,238	1,163,714
Total	794,306	859,657	46,786	1,700,750

2012

	Millions of yen			
	Within one year	Between one and five years	Over five years	Total
Trade and other payables	555,625	14,580	463	570,669
Bonds and borrowings	314,779	786,452	61,969	1,163,201
Total	870,405	801,032	62,432	1,733,871

2013

	Millions of yen			
	Within one year	Between one and five years	Over five years	Total
Trade and other payables	513,979	11,895	89	525,964
Bonds and borrowings	276,209	712,840	132,610	1,121,660
Total	790,189	724,735	132,700	1,647,625

2013

	Thousands of U.S. dollars			
	Within one year	Between one and five years	Over five years	Total
Trade and other payables	5,467,861	126,542	946	5,595,361
Bonds and borrowings	2,938,393	7,583,404	1,410,744	11,932,553
Total	8,406,265	7,709,946	1,411,702	17,527,925

Other than the above, the guaranteed obligations as of the Transition Date, March 31, 2012 and March 31, 2013 were 40,395 million yen, 37,971 million yen and 30,118 million yen (U.S.$320,404 thousand), respectively.

2) Derivatives

The breakdown of derivatives by due date was as follows.

2011 (Transition Date)

	Millions of yen			
	Within one year	Between one and five years	Over five years	Total
Currency-related derivatives				
Cash inflows	220,581	9,473	185	230,241
Cash outflows	(221,691)	(8,850)	(230)	(230,773)
Subtotal	(1,110)	622	(44)	(532)
Interest rate-related derivatives	(2,212)	(2,550)	(0)	(4,764)
Commodity-related derivatives	(252)	522	—	269
Total	(3,575)	(1,405)	(45)	(5,026)

2012

	Millions of yen			
	Within one year	Between one and five years	Over five years	Total
Currency-related derivatives				
Cash inflows	263,723	12,185	116	276,025
Cash outflows	(268,545)	(11,900)	(136)	(280,582)
Subtotal	(4,821)	284	(20)	(4,557)
Interest rate-related derivatives	(1,504)	(1,618)	(36)	(3,160)
Commodity-related derivatives	(387)	(10)	—	(397)
Total	(6,712)	(1,344)	(57)	(8,114)

2013

	Millions of yen			
	Within one year	Between one and five years	Over five years	Total
Currency-related derivatives				
Cash inflows	223,615	9,240	67	232,923
Cash outflows	(235,471)	(8,635)	(67)	(244,174)
Subtotal	(11,855)	605	(0)	(11,250)
Interest rate-related derivatives	(1,125)	(977)	(56)	(2,159)
Commodity-related derivatives	(120)	—	—	(120)
Total	(13,102)	(372)	(56)	(13,530)

2013

	Thousands of U.S. dollars			
	Within one year	Between one and five years	Over five years	Total
Currency-related derivatives				
Cash inflows	2,378,882	98,297	712	2,477,904
Cash outflows	(2,505,010)	(91,861)	(712)	(2,597,595)
Subtotal	(126,117)	6,436	(0)	(119,680)
Interest rate-related derivatives	(11,968)	(10,393)	(595)	(22,968)
Commodity-related derivatives	(1,276)	—	—	(1,276)
Total	(139,382)	(3,957)	(595)	(143,936)

(5) Market risk management

The Group is exposed to market risks, such as exchange rate fluctuation risk associated with transactions denominated in foreign currencies in connection with international trade or business investments, interest rate fluctuation risk associated with financing, investments or the like, commodity price fluctuation risk associated with purchase and sale agreements/commodity inventories arising from operating activities and price fluctuation risk associated with the ownership of listed securities (i.e., stock price fluctuation risk). The Group's basic policy is to minimize such market risks by matching assets and liabilities (e.g., long and short commodity exposures) and through hedge transactions, such as forward exchange transactions, commodity futures/forward transactions and interest rate swaps.

1) Exchange rate fluctuation risk

1. Content of, and policy for managing, exchange rate fluctuation risk

The Group engages in import and export transactions and offshore transactions, both denominated in foreign currencies, as its principal business activity. Whereas the revenues and expenditures associated with such transactions are mainly received/paid out in foreign currencies, the Group's consolidated reporting currency is Japanese yen. The Group is, therefore, exposed to the risk of fluctuations in the yen's value against foreign currencies. To prevent or limit losses stemming from such risk, the Group hedges its foreign currency exposure through forward exchange transactions or the like.

2. Sensitivity analysis of exchange rate fluctuation risk

In regards to financial instruments held by the Group as of the end of the consolidated year, the following chart shows the amounts affecting profit before tax and other comprehensive income (before tax effect adjustments), as reported in the consolidated financial statements, that would result from 1% appreciation of yen against each of the U.S. dollar and Australian dollar. Such analysis is based on the assumption that other factors remain constant.

In addition, such analysis does not include the affected amounts based on translations (into Japanese yen) of financial instruments denominated in functional currency, income and expenses denominated in foreign currency and assets and liabilities of foreign operations.

	Millions of yen		Thousands of U.S. dollars
	2012	2013	2013
Profit before tax			
U.S. dollar	174	97	1,031
Australian dollar	(31)	(59)	(627)
Other comprehensive income			
U.S. dollar	(141)	5	53
Australian dollar	(43)	(67)	(712)

2) Interest rate fluctuation risk

1. Content of, and policy for managing, interest rate fluctuation risk

The Group's finances include credit terms for trade and other receivables, purchases of investment securities, and expenditures for property, plant and equipment that are primarily funded with loans from financial institutions and bond issues, and the Group is exposed to interest rate fluctuation risks arising from financing, investments or the like. Since borrowings with floating rates are exposed to interest rate risk, the Group hedges a part of such borrowings through interest swap transactions.

2. Sensitivity analysis of interest rate fluctuation risk

In regards to financial instruments held by the Group as of the end of the consolidated year, the following chart shows the amount affecting profit before tax, as reported in the consolidated financial statements, in the case that the interest rate increases by 1%. Such analysis is based on the assumption that other factors remain constant.

Under such analysis, the amount affecting profit before tax is calculated by multiplying the net balance of the financial instruments affected by the interest rate fluctuation at the fiscal year-end by 1%. Please note that other than financial instruments with floating rates (excluding those that are considered to be financial instruments with fixed rates in substance due to interest rate swaps), the Group deals with, among others, the following financial instruments that are also affected by interest rate fluctuations: cash and cash equivalents; time deposits; trade notes and accounts receivables; and, trade notes and accounts payables.

	Millions of yen		Thousands of U.S. dollars
	2012	2013	2013
Profit before tax	342	523	5,563

3) Commodity price fluctuation risk

1. Content of, and policies for managing, commodity price fluctuation risk

As a general trading company, the Group deals in a wide range of commodities through its various businesses. As such, the Group is exposed to commodity price risk due to price fluctuations or the like. For market-traded commodities, the Group manages exposures and controls losses by setting (long and short) position limits and stop-loss levels per each internal organizational unit. The Group also prescribes and enforces stop-loss rules (i.e., an internal organizational unit must promptly liquidate losing positions and are prohibited from initiating new trades for the remainder of the fiscal year if losses, including valuation losses, exceed the stop-loss level). Even with such controls, however, there is no assurance that the Group can completely avoid commodity price risk. The Group's management performance and/or financial conditions may be adversely affected by unanticipated market movements. With respect to commodity inventories, the Group implements measures, such as monthly monitoring by business or the like, in order to control inventory levels.

2. Sensitivity analysis of commodity price fluctuation risk

In regards to derivatives related to financial instruments held by the Group as of the end of the consolidated year, the following chart shows the amounts affecting profit before tax and other comprehensive income (before tax effect adjustments), as reported in the consolidated financial statements, in the case that the commodity price decreases by 1%. Such analysis is based on the assumption that other factors remain constant.

	Millions of yen		Thousands of U.S. dollars
	2012	2013	2013
Profit before tax			
Metals	(188)	30	319
Oils	18	27	287
Foods	(3)	1	10
Other comprehensive income			
Oils	62	36	382
Foods	—	(12)	(127)

4) Stock price fluctuation risk

1. Content of, and policies for managing, stock price fluctuation risk

The Group has large holdings of marketable securities and, therefore, is exposed to stock price fluctuation risk.

Against such risk, the Group makes efforts to understand market prices and financial conditions or the like of issuers and, especially with respect to listed stocks, the Group reviews their portfolios on a periodic basis.

2. Sensitivity analysis of stock price fluctuation risk

In regards to listed stocks held by the Group as of the end of the consolidated year, the following chart shows the amounts affecting other comprehensive income (before tax effect adjustments), as reported in the consolidated financial statements, in the case that prices of such listed stocks decrease by 1%. Such analysis is based on the assumption that other factors remain constant.

	Millions of yen		Thousands of U.S. dollars
	2012	2013	2013
Other comprehensive income	(697)	(721)	(7,670)

(6) Fair values of financial instruments

1) Fair values of financial instruments by type

Carrying amounts and fair values of the main financial instruments by type were as follows.

	Millions of yen						Thousands of U.S. dollars	
	2011 (Transition Date)		2012		2013		2013	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets								
Trade and other receivables								
Trade notes and accounts receivables	477,580	477,323	508,815	508,515	477,406	477,379	5,078,787	5,078,500
Other investments								
Financial assets measured at fair value through profit or loss	3,386	3,386	1,772	1,772	1,064	1,064	11,319	11,319
Financial assets measured at fair value through other comprehensive income	126,262	126,262	112,147	112,147	113,532	113,532	1,207,787	1,207,787
Derivative financial assets	4,602	4,602	3,792	3,792	4,330	4,330	46,063	46,063
Total	611,831	611,574	626,527	626,227	596,332	596,305	6,343,957	6,343,670
Financial liabilities								
Trade and other payables								
Trade notes and accounts payables	432,887	432,870	468,544	468,516	437,759	437,758	4,657,010	4,657,000
Bonds and borrowings								
Bonds payable (including current portion)	142,429	144,911	114,724	115,783	89,802	90,302	955,340	960,659
Long-term loans payable (including current portion)	859,403	872,569	857,319	871,012	847,736	863,728	9,018,468	9,188,595
Derivative financial liabilities	9,849	9,849	12,032	12,032	17,837	17,837	189,755	189,755
Total	1,444,570	1,460,200	1,452,620	1,467,344	1,393,135	1,409,625	14,820,585	14,996,010

The fair values stated above were calculated as follows.

(a) Trade notes and accounts receivables
Per each receivable classified per certain period, the fair value was calculated based on present value of such receivable discounted by the interest rate, which took into account the period to maturity and the credit risk.

(b) Other investments
The fair values of listed stocks were based on the prices at the applicable exchange. The fair values of unlisted stocks were calculated using the discounted future cash flow method, price comparison method based on the prices of similar types of stocks and other valuation methods.

(c) Derivative financial assets and liabilities
Currency-related derivatives
The fair values with respect to foreign exchange transactions, spot/forward transactions, currency option transactions and currency swap transactions were calculated based on the forward exchange rate as of the settlement date.

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

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

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

(e) Bonds and borrowings
For bonds payable for which the market prices were available, the fair values thereof were calculated based on such market prices. For other bonds payable, the fair values were calculated based on the present value of the total amount in principal and interest for such bonds discounted by the interest rate, which took into account the period to maturity and the credit risk.
The fair values of long-term loans payable were calculated by discounting future cash flows with a rate anticipated for a new borrowing with the same principal and interest.

2) Fair value hierarchy applied in consolidated statements of financial position
In regards to financial instruments measured at fair value under the consolidated statements of financial position, the following charts present the fair value hierarchy by level, which reflects the significance of inputs made upon performing measurements.
Level 1: Quoted prices in active markets with respect to identical assets or liabilities
Level 2: Inputs other than quoted prices that are observable, either directly or indirectly
Level 3: Inputs not based on observable market data

2011 (Transition Date)

	Millions of yen			
	Level 1	Level 2	Level 3	Total
Financial assets				
Other investments				
Financial assets measured at fair value through profit or loss	512	367	2,506	3,386
Financial assets measured at fair value through other comprehensive income	74,999	—	51,262	126,262
Derivative financial assets	375	4,226	—	4,602
Total	75,887	4,594	53,768	134,251
Financial liabilities				
Derivative financial liabilities	529	9,320	—	9,849
Total	529	9,320	—	9,849

2012

	Millions of yen			
	Level 1	Level 2	Level 3	Total
Financial assets				
Other investments				
Financial assets measured at fair value through profit or loss	—	315	1,456	1,772
Financial assets measured at fair value through other comprehensive income	69,770	—	42,377	112,147
Derivative financial assets	1,259	2,532	—	3,792
Total	71,030	2,848	43,833	117,711
Financial liabilities				
Derivative financial liabilities	798	11,233	—	12,032
Total	798	11,233	—	12,032

2013

	Millions of yen			
	Level 1	Level 2	Level 3	Total
Financial assets				
Other investments				
Financial assets measured at fair value through profit or loss	—	311	752	1,064
Financial assets measured at fair value through other comprehensive income	72,125	—	41,406	113,532
Derivative financial assets	722	3,607	—	4,330
Total	72,848	3,918	42,159	118,926
Financial liabilities				
Derivative financial liabilities	717	17,120	—	17,837
Total	717	17,120	—	17,837

2013

	Thousands of U.S. dollars			
	Level 1	Level 2	Level 3	Total
Financial assets				
Other investments				
Financial assets measured at fair value through profit or loss	—	3,308	8,000	11,319
Financial assets measured at fair value through other comprehensive income	767,287	—	440,489	1,207,787
Derivative financial assets	7,680	38,372	—	46,063
Total	774,978	41,680	448,500	1,265,170
Financial liabilities				
Derivative financial liabilities	7,627	182,127	—	189,755
Total	7,627	182,127	—	189,755

Changes in the financial assets classified as level 3 under the fair value hierarchy were as follows.

	Millions of yen						Thousands of U.S. dollars		
	2012			2013			2013		
	Other investments			Other investments			Other investments		
	Financial assets measured at fair value through profit or loss	Financial assets measured at fair value through other comprehensive income	Total	Financial assets measured at fair value through profit or loss	Financial assets measured at fair value through other comprehensive income	Total	Financial assets measured at fair value through profit or loss	Financial assets measured at fair value through other comprehensive income	Total
Balance at beginning of year	2,506	51,262	53,768	1,456	42,377	43,833	15,489	450,819	466,308
Total gains or losses									
Profit or loss (Note)	(819)	—	(819)	240	—	240	2,553	—	2,553
Other comprehensive income	—	(3,994)	(3,994)	—	3,085	3,085	—	32,819	32,819
Purchases	35	2,061	2,096	648	1,757	2,405	6,893	18,691	25,585
Disposals and settlements	(232)	(6,364)	(6,596)	(1,605)	(6,065)	(7,670)	(17,074)	(64,521)	(81,595)
Others	(33)	(588)	(622)	12	252	264	127	2,680	2,808
Balance at end of year	1,456	42,377	43,833	752	41,406	42,159	8,000	440,489	448,500

(Note) Such amounts were included in “Other financial income” and “Other financial costs” under the Consolidated Statements of Profit or Loss. Of the total gains or losses recognized as profit or loss, the amounts concerning financial instruments held as of the years ended March 31, 2012 and March 31, 2013 were losses of 438 million yen and 4 million yen (U.S.$42 thousand), respectively.

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

With respect to investments made in equity instruments held for the purpose of maintaining and strengthening relationships with business partners, the Group has designated such investments as financial assets to be measured at fair value through other comprehensive income in consideration of such purpose.

1) Fair values per each name (of investment)

The fair values per each name of the main investments made in equity instruments designated as financial assets to be measured at fair value through other comprehensive income were as follows.

2011 (Transition Date)

Name of investment	Millions of yen Amount
Kobe Steel, Ltd.	9,723
NHK Spring Co., Ltd.	9,349
BRASKEM S.A.	3,820
All Nippon Airways Co., Ltd. (*)	3,505
Kansai Paint Co., Ltd.	3,317
Tokuyama Corporation	2,878
Yamazaki Baking Co., Ltd.	2,324
Alconix Corporation	1,743
T&D Holdings, Inc.	1,655
Tokio Marine Holdings, Inc.	1,607

2012

Name of investment	Millions of yen Amount
NHK Spring Co., Ltd.	10,098
Kobe Steel, Ltd.	6,032
Kansai Paint Co., Ltd.	3,849
All Nippon Airways Co., Ltd. (*)	3,534
Yamazaki Baking Co., Ltd.	2,845
BRASKEM S.A.	2,450
Tokuyama Corporation	1,666
Tokio Marine Holdings, Inc.	1,641
T&D Holdings, Inc.	1,548
Osaka Gas Co., Ltd.	1,547

2013

	Millions of yen	Thousands of U.S. dollars
Name of investment	Amount	Amount
NHK Spring Co., Ltd.	11,130	118,404
Kobe Steel, Ltd.	4,906	52,191
Kansai Paint Co., Ltd.	4,829	51,372
Yamazaki Baking Co., Ltd.	3,070	32,659
PT. NIPPON INDOSARI CORPINDO TBK	3,035	32,287
All Nippon Airways Co., Ltd. (*)	2,714	28,872
BRASKEM S.A.	2,267	24,117
Osaka Gas Co., Ltd.	1,929	20,521
Tokio Marine Holdings, Inc.	1,915	20,372
Nisshin Seifun Group Inc.	1,874	19,936

*On April 1, 2013, All Nippon Airways Co., Ltd. changed its corporate name to ANA Holdings Inc., with the move to a holding company structure.

2) Dividends received

	Millions of yen		Thousands of U.S. dollars
	2012	2013	2013
Investments derecognized during the year	134	403	4,287
Investments held at the end of the year	3,148	2,357	25,074
Total	3,283	2,760	29,361

3) Financial instruments measured at fair value through other comprehensive income that were derecognized during the year

The Group disposes of financial assets measured at fair value through other comprehensive income as a result of periodical reviews of portfolios and for the purpose of managing or the like of risk assets. The fair values of such financial assets at the dates of the sales transactions and the cumulative gains or losses (before taxes) concerning such sales were as follows.

	Millions of yen		Thousands of U.S. dollars
	2012	2013	2013
Fair value at the date of sale	7,022	10,546	112,191
Cumulative gains or losses	4,365	5,234	55,680

4) Reclassification to retained earnings

The Group reclassifies to retained earnings cumulative gains or losses arising from changes in the fair values of financial instruments measured at fair value through other comprehensive income in either of the following cases: when an investment is disposed of; and, when there is a significant decline in the fair value. Such cumulative other comprehensive income totals (net of taxes) that were reclassified to retained earnings for the years ended March 31, 2012 and March 31, 2013 were 2,927 million yen and 3,865 million yen (U.S.$41,117 thousand), respectively.

(8) Hedge accounting

1) Types of hedge accounting

(a) Fair value hedges
A fair value hedge is a hedge of exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment. The Group designates commodity futures and commodity forwards as hedging instruments to hedge the changes in fair values of firm commitments or inventories.
With respect to a fair value hedge, gains or losses from remeasuring the hedging instrument at fair value are recognized as profit or loss, and gains or losses on hedged items attributable to hedged risks are also recognized as profit or loss.
Gains or losses recognized as profit or loss relating to hedged items for the years ended March 31, 2012 and March 31, 2013 were profit of 73 million yen and loss of 208 million yen (U.S.$2,212 thousand), respectively, and gains or losses recognized as profit or loss relating to hedging instruments for the years ended March 31, 2012 and March 31, 2013 were loss of 73 million yen and profit of 208 million yen (U.S.$2,212 thousand), respectively.

(b) Cash flow hedges
Cash flow hedge is a hedge of exposure to variability in cash flows that is attributable to a particular risk associated with a recognized asset or liability or a scheduled transaction that is most likely to occur. The Group designates interest rate swaps as hedging instruments to hedge the variability of cash flows relating to floating-rate borrowings and designates forward exchange transactions as hedging instruments to hedge the variability of cash flows concerning firm commitments in foreign currency.
With respect to a cash flow hedge, the portions of the gains or losses on the hedging instruments that are determined to be effective hedges are recognized as other comprehensive income.
On the Transition Date and for the years ended March 31, 2012 and March 31, 2013, accumulated amounts of other comprehensive income that were expected to be reclassified to profit or loss within one year due to cash flow hedges (before tax effect adjustments) were profit of 767 million yen, loss of 829 million yen and profit of 143 million yen (U.S.$1,521 thousand), respectively.

(c) Hedges of net investments in foreign operations
The group designates forward exchange transactions and foreign currency borrowings as hedging instruments to hedge the risk of change in exchange rate concerning net investments in foreign operations.
With respect to a hedge of net investments in foreign operations, the portions of the gains or losses on the hedging instruments that are determined to be effective hedges are recognized as other comprehensive income.

2) Fair values of hedging instruments by type of hedge accounting
Fair values of hedging instruments by type of hedge accounting were as follows.

	Millions of yen			Thousands of U.S. dollars
Hedging instruments	2011 (Transition Date)	2012	2013	2013
Fair value hedges				
Interest rate-related derivatives	(155)	(93)	(29)	(308)
Commodity-related derivatives	180	20	238	2,531
Total fair value hedges	25	(73)	208	2,212
Cash flow hedges				
Currency-related derivatives	1,428	(422)	848	9,021
Interest rate-related derivatives	(4,828)	(3,197)	(2,112)	(22,468)
Commodity-related derivatives	152	(250)	(13)	(138)
Total cash flow hedges	(3,247)	(3,871)	(1,277)	(13,585)
Hedges of net investments in foreign operations				
Currency-related derivatives	—	(1,037)	—	—
Total hedges of net investments in foreign operations	—	(1,037)	—	—
Total	(3,221)	(4,982)	(1,068)	(11,361)

Other than the above, foreign currency borrowings that were designated as cash flow hedges amounted to 13,379 million yen, 14,234 million yen and 13,522 million yen (U.S.$143,851 thousand) as of the Transition Date, March 31, 2012 and March 31, 2013, respectively.

(9) Derivatives

The breakdown of derivatives by type is as follows.

	Millions of yen			Thousands of U.S. dollars
	2011 (Transition Date)	2012	2013	2013
Currency-related derivatives	(531)	(4,551)	(11,243)	(119,606)
Interest rate-related derivatives	(4,983)	(3,291)	(2,142)	(22,787)
Commodity-related derivatives	267	(396)	(120)	(1,276)
Total	(5,247)	(8,239)	(13,506)	(143,680)
Derivative financial assets (Current assets)	3,796	3,676	4,100	43,617
Derivative financial assets (Non-current assets)	805	115	229	2,436
Derivative financial liabilities (Current liabilities)	(4,640)	(8,989)	(15,952)	(169,702)
Derivative financial liabilities (Non-current liabilities)	(5,209)	(3,042)	(1,884)	(20,042)
Total	(5,247)	(8,239)	(13,506)	(143,680)

1) Currency-related

	Millions of yen						Thousands of U.S. dollars	
	2011 (Transition Date)		2012		2013		2013	
Type	Amount of contracts	Fair value	Amount of contracts	Fair value	Amount of contracts	Fair value	Amount of contracts	Fair value
Forward exchange transactions								
Selling in U.S. dollars/buying in Japanese yen	91,439	500	91,703	(2,504)	50,398	(4,984)	536,148	(53,021)
Selling in Japanese yen/buying in U.S. dollars	46,102	227	38,811	387	51,134	1,579	543,978	16,797
Others	91,956	(1,188)	146,372	(2,427)	130,863	(7,838)	1,392,159	(83,382)
Total forward exchange transactions	229,498	(461)	276,887	(4,543)	232,396	(11,243)	2,472,297	(119,606)
Non-deliverable forward exchange transactions								
Others	799	(69)	205	(8)	—	—	—	—
Total non-deliverable forward exchange transactions	799	(69)	205	(8)	—	—	—	—
Total currency-related derivatives	—	(531)	—	(4,551)	—	(11,243)	—	(119,606)
Currency-related derivatives not designated as hedges	—	(1,959)	—	(3,091)	—	(12,092)	—	(128,638)
Currency-related derivatives designated as hedges	—	1,428	—	(1,460)	—	848	—	9,021
Total	—	(531)	—	(4,551)	—	(11,243)	—	(119,606)

2) Interest rate-related

	Millions of yen						Thousands of U.S. dollars	
	2011 (Transition Date)		2012		2013		2013	
Type	Amount of contracts	Fair value	Amount of contracts	Fair value	Amount of contracts	Fair value	Amount of contracts	Fair value
Interest rate swap transactions								
Floating rate received/fixed rate paid	254,745	(4,983)	178,783	(3,291)	138,252	(2,142)	1,470,765	(22,787)
Total floating rate received/fixed rate paid	254,745	(4,983)	178,783	(3,291)	138,252	(2,142)	1,470,765	(22,787)
Total interest rate-related derivatives	—	(4,983)	—	(3,291)	—	(2,142)	—	(22,787)
Interest rate-related derivatives designated as hedges	—	(4,983)	—	(3,291)	—	(2,142)	—	(22,787)
Total	—	(4,983)	—	(3,291)	—	(2,142)	—	(22,787)

3) Commodity-related

Type	Millions of yen						Thousands of U.S. dollars	
	2011 (Transition Date)		2012		2013		2013	
	Amount of contracts	Fair value	Amount of contracts	Fair value	Amount of contracts	Fair value	Amount of contracts	Fair value
Commodity futures transactions								
Metals								
Selling	11,928	(244)	21,029	733	26,094	145	277,595	1,542
Buying	5,518	(28)	7,354	(182)	7,410	(173)	78,829	(1,840)
Oils								
Selling	2,764	(182)	5,688	(498)	4,446	(0)	47,297	0
Buying	1,582	87	3,563	353	1,590	(21)	16,914	(223)
Foods								
Selling	6,085	208	2,564	(58)	5,807	290	61,776	3,085
Buying	1,504	5	2,811	113	6,783	(234)	72,159	(2,489)
Total selling	20,778	(218)	29,282	176	36,348	435	386,680	4,627
Total buying	8,605	64	13,729	284	15,783	(430)	167,904	(4,574)
Commodity forwards transactions								
Metals								
Selling	11,210	(283)	3,879	(40)	17,089	79	181,797	840
Buying	25,785	677	36,486	(565)	32,875	(226)	349,734	(2,404)
Oils								
Selling	7,874	(8)	7,547	(189)	3,495	25	37,180	265
Buying	3,505	174	2,314	(59)	297	(0)	3,159	(0)
Total selling	19,084	(292)	11,426	(230)	20,584	104	218,978	1,106
Total buying	29,291	852	38,800	(624)	33,173	(227)	352,904	(2,414)
Commodity option contracts								
Metals								
Buying	109		—		—		—	
Put	*8*	(8)	—	—	—	—	—	—
Oils								
Selling	686		—		—		—	
Call	*47*	(131)	—	—	—	—	—	—
Buying	1,094		332		441		4,691	
Put	*53*	1	*3*	(2)	*2*	(3)	*21*	(31)
Total selling	686	(131)	—	—	—	—	—	—
Total buying	1,204	(7)	332	(2)	441	(3)	4,691	(31)
Total commodity-related derivatives	—	267	—	(396)	—	(120)	—	(1,276)
Commodity-related derivatives not designated as hedges	—	(65)	—	(165)	—	(345)	—	(3,670)
Commodity-related derivatives designated as hedges	—	333	—	(230)	—	224	—	2,382
Total	—	267	—	(396)	—	(120)	—	(1,276)

(Note) The amounts in italics under the columns for 2011, 2012 and 2013 are option premiums relating to option transactions.

(10) Transfer of financial assets

The Group liquidates certain trade receivables by discounting notes or the like. However, with respect to some liquidated receivables, the Group may be obligated to make payments as recourse for non-payment by the debtor. The Group continues to recognize such liquidated receivables as they do not meet the criteria for derecognition of financial assets.

The Group recognized such liquidated assets as "Trade and other receivables" in the amounts of 25,363 million yen and 26,475 million yen (U.S.$281,648 thousand) as of March 31, 2012 and March 31, 2013, respectively. In addition, liabilities relating to the deposit amounts which arose upon the transfer of such assets were accounted for as "Bonds and borrowings" in the amounts of 25,363 million yen and 26,475 million yen (U.S.$281,648 thousand) as of March 31, 2012 and March 31, 2013, respectively. Such liabilities are settled when payments for such liquidated assets are made, and the Group may not use such liquidated assets until such settlement occurs.

Please note that due to the exceptions to the retroactive application of IFRS 1 applicable to entities adopting IFRSs for the first time, the requirements regarding derecognition of financial assets and liabilities apply to transactions occurring after the Transition Date (but not before the Transition Date). Therefore, as of the Transition Date, such liquidated assets were derecognized in accordance with Japanese GAAP.

32 LEASES

(1) Finance leases

1) As lessee

The Group leases a number of machinery, office equipment and other assets under arrangements which are classified as finance leases.

The carrying amounts after deduction of accumulated depreciations and accumulated impairment losses of lease assets as of the Transition Date, March 31, 2012 and March 31, 2013, respectively, were as follows.

	Millions of yen			Thousands of U.S. dollars
	2011 (Transition Date)	2012	2013	2013
Machinery and vehicles	2,405	2,001	1,474	15,680
Tools, furniture & fixtures	1,238	2,723	3,486	37,085
Others	355	264	664	7,063
Total	4,000	4,988	5,625	59,840

Future minimum lease payments under finance leases as of the Transition Date, March 31, 2012 and March 31, 2013, respectively, were as follows.

	Millions of yen			Thousands of U.S. dollars	Millions of yen			Thousands of U.S. dollars
	Future minimum lease payments				Present value of future minimum lease payments			
	2011 (Transition Date)	2012	2013	2013	2011 (Transition Date)	2012	2013	2013
Due in one year or less	1,305	1,618	2,138	22,744	1,168	1,494	2,053	21,840
Due between one and five years	2,846	3,040	2,746	29,212	2,617	2,869	2,684	28,553
Due after five years	548	463	89	946	402	337	88	936
Total	4,700	5,122	4,973	52,904	4,188	4,701	4,825	51,329
Less future finance costs	(511)	(420)	(148)	(1,574)	—	—	—	—
Present value of future minimum lease payments	4,188	4,701	4,825	51,329	4,188	4,701	4,825	51,329

2) As lessor

The Group leases out a number of vehicles and other assets under arrangements which are classified as finance leases.

Future minimum lease payments receivable under finance leases as of the transition date, March 31, 2012 and March 31, 2013, respectively, were as follows.

	Millions of yen			Thousands of U.S. dollars	Millions of yen			Thousands of U.S. dollars
	Future minimum lease payments receivable and unguaranteed residual values				Present value of future minimum lease payments receivable and unguaranteed residual values			
	2011 (Transition Date)	2012	2013	2013	2011 (Transition Date)	2012	2013	2013
Due in one year or less	718	670	787	8,372	522	495	666	7,085
Due between one and five years	1,122	1,019	634	6,744	929	888	505	5,372
Due after five years	1,612	1,124	1,042	11,085	1,524	1,090	1,042	11,085
Subtotal	3,454	2,814	2,464	26,212	2,975	2,475	2,214	23,553
Unguaranteed residual values	1,493	1,466	831	8,840	1,136	1,173	669	7,117
Total	4,947	4,280	3,296	35,063	4,112	3,648	2,883	30,670
Less future finance income	(835)	(631)	(413)	(4,393)	—	—	—	—
Present value of future minimum lease payments receivable	4,112	3,648	2,883	30,670	4,112	3,648	2,883	30,670

(2) Operating leases

1) As lessee

The Group leases office buildings, ships and vessels and other assets under cancelable and non-cancelable operating leases. Future minimum lease payments under non-cancelable operating leases as of the Transition Date, March 31, 2012 and March 31, 2013, respectively, were as follows.

	Millions of yen			Thousands of U.S. dollars
	2011 (Transition Date)	2012	2013	2013
Due in one year or less	7,567	8,385	7,163	76,202
Due between one and five years	11,015	6,813	17,486	186,021
Due after five years	4,041	5,700	9,783	104,074
Total	22,623	20,899	34,434	366,319

Total lease payments recognized as expenses under such cancelable or non-cancelable operating leases for the years ended March 31, 2012 and March 31, 2013 were 18,239 million yen and 16,681 million yen (U.S.$177,457 thousand), respectively.

Total minimum lease payments expected to be received under non-cancelable subleases as of the Transition Date, March 31, 2012 and March 31, 2013 were 3,295 million yen, 3,055 million yen and 569 million yen (U.S.$6,053 thousand), respectively.

2) As lessor

The Group leases out aircraft, ships and vessels, real estate and other assets under cancelable and non-cancelable operating leases.

Future minimum lease payments receivable under non-cancelable operating leases as of the Transition Date, March 31, 2012 and March 31, 2013, respectively, were as follows.

	Millions of yen			Thousands of U.S. dollars
	2011 (Transition Date)	2012	2013	2013
Due in one year or less	6,105	7,788	8,228	87,531
Due between one and five years	17,624	23,766	24,922	265,127
Due after five years	6,520	8,866	6,607	70,287
Total	30,251	40,422	39,759	422,968

33 PLEDGED ASSETS

(1) Assets pledged as security

The breakdown of assets pledged to secure debts and corresponding liabilities is as follows.

	Millions of yen			Thousands of U.S. dollars
	2011 (Transition Date)	2012	2013	2013
Assets pledged as security				
Inventories	21,646	—	83	882
Property, plant and equipment	27,611	43,529	35,251	375,010
Investment property	5,272	4,563	4,567	48,585
Other investments	14,232	14,220	13,856	147,404
Others	4,458	1,437	900	9,574
Total	73,222	63,750	54,658	581,468
Corresponding liabilities				
Trade and other payables	6,128	1,350	375	3,989
Bonds and borrowings	49,873	44,286	31,326	333,255
Others	148	1,306	29	308
Total	56,150	46,943	31,730	337,553

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

Trust receipts issued under customary import financing arrangements give banks a security interest in the goods imported or sales proceeds resulting from the sales of such goods. Due to the large volume of transactions, it is impracticable to determine the aggregate amounts of assets covered by outstanding trust receipts and those transactions were not included in the above amounts.

(2) Assets pledged in lieu of guarantee money

The breakdown of assets pledged in lieu of guarantee money or the like is as follows.

	Millions of yen			Thousands of U.S. dollars
	2011 (Transition Date)	2012	2013	2013
Inventories	—	—	444	4,723
Property, plant and equipment	5,311	32	912	9,702
Intangible assets	—	—	4,697	49,968
Investments accounted for using the equity method	40,664	40,134	43,670	464,574
Other investments	1,112	1,043	770	8,191
Others	836	1,036	4,078	43,382
Total	47,924	42,246	54,574	580,574

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

34 CONTINGENT LIABILITIES

The Group is contingently liable for guarantees of the following loans from banks borrowed by companies other than its subsidiaries.

The Group may become responsible for the amounts that are unpayable by the borrower and for losses attached to such unpayable amounts.

	Millions of yen			Thousands of U.S. dollars
	2011 (Transition Date)	2012	2013	2013
Guarantees for obligations of Entities subject to Equity Method	26,723	25,042	24,233	257,797
Guarantees for obligations of third parties	13,672	12,929	5,885	62,606
Total	40,395	37,971	30,118	320,404

A part of guarantees includes back-up guarantees by third parties. As of the Transition Date and March 31, 2012, the balances of such back-up guarantees were 104 million yen and 52 million yen, respectively.

35 SIGNIFICANT SUBSIDIARIES

The Company's significant subsidiaries are as set forth under "Organizational Information: List of Main Subsidiaries and Associates".

36 RELATED PARTIES

(1) Related party transactions

Related party transactions are priced at an arm's length basis and there exists no such transactions of significance.

(2) Remunerations for management executives

The remunerations for the Company's management executives for the years ended March 31, 2012 and 2013 were 413 million yen and 348 million yen (U.S.$3,702 thousand) , respectively. Please note that directors received only basic remunerations.

37 SUBSEQUENT EVENTS

In April and May, 2013, the Company issued unsecured bonds in accordance with the amount of the issue limit of bond and general conditions approved by the Board of Directors on March 28, 2013.

(1) The details of the bonds issued in April 2013 are as follows;

1) Name of bond	The 26th unsecured bond
2) Total face value of bond	10,000 million yen
3) Unit amount of bond	100 million yen
4) Total amount of bond issue	10,000 million yen
5) Issue price	Issue price 100 yen per 100 yen of face value
6) Interest rate on bond	Annual rate 0.87%
7) Interest payment date	April 22 and October 22 for each year
8) Redemption of bond	a) Redemption at maturity b) Retirement by purchase
9) Redemption price	Redemption price 100 yen per 100 yen of face value
10) Due date of the payment	April 22, 2013
11) Date of bond issue	April 22, 2013
12) Maturity date	April 21, 2017
13) Country of bond issue	Japan
14) Method of offer	Public offering
15) Secured mortgage/guarantee	Unsecured/unguaranteed
16) Use of fund	The fund was used for repayment of the 17th unsecured bond of which redemption date was May 31, 2013.

(2) The details of the bonds issued in May, 2013 are as follows;

1) Name of bond	The 27th unsecured bond
2) Total face value of bond	10,000 million yen
3) Unit amount of bond	100 million yen
4) Total amount of bond issue	10,000 million yen
5) Issue price	Issue price 100 yen per 100 yen of face value
6) Interest rate on bond	Annual rate 1.35%
7) Interest payment date	May 30 and November 30 for each year
8) Redemption of bond	a) Redemption at maturity b) Retirement by purchase
9) Redemption price	Redemption price 100 yen per 100 yen of face value
10) Due date of the payment	May 30, 2013
11) Date of bond issue	May 30, 2013
12) Maturity date	May 30, 2019
13) Country of bond issue	Japan
14) Method of offer	Public offering
15) Secured mortgage/guarantee	Unsecured/unguaranteed
16) Use of fund	The fund was used for repayment of the 19th unsecured bond of which redemption date was May 31, 2013.

38 DISCLOSURES REGARDING TRANSITION TO IFRSs

As described in Note 2 (Basis of presentation), the Group prepared its first consolidated financial statements in accordance with IFRSs.

The accounting policies described in Note 3 have been applied in preparing the consolidated financial statements for the year ended March 31, 2013, the comparative information for the year ended March 31, 2012 and the opening IFRS consolidated statements of financial position as of the Transition Date.

(1) Exemptions under IFRS 1

In principle, IFRSs require an entity presenting its first consolidated statements under IFRS ("First-time Adopter of IFRSs") to retroactively apply each IFRS through all periods presented in such consolidated statements. However, IFRS 1 provides for some mandatory exceptions and voluntary exemptions from the above requirement.

1) Exceptions to the retroactive application of IFRSs

• *Estimates*

Estimates of First-time Adopter of IFRS made in accordance with IFRSs as of the Transition Date shall be consistent with estimates made on the same date under GAAP applied previously.

• *Derecognition of financial assets and financial liabilities*

First-time Adopter of IFRSs shall apply the derecognition requirements under IFRS 9 Financial Instruments (2010 Version) to transactions occurring after the Transition Date.

• *Hedge accounting*

If a transaction has been designated as a hedge transaction prior to the Transition Date, yet such hedge transaction does not satisfy the requirements for hedge accounting, accounting for such hedge shall be suspended. Transactions entered into prior to the Transition Date may not be designated retroactively as hedge transactions.

• *Classification and measurement of financial assets*

Whether financial assets satisfy the conditions for measurement at amortized cost shall be determined based on the facts and circumstances in existence as of the Transition Date.

• *Embedded derivatives*

First-time Adopter of IFRSs shall assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative based on the conditions that existed as of the later of: the date it first became a party to such host contract; and, the date reassessment is required due to changes in contract terms that significantly modify the cash flows required under the contract.

2) Exemptions under IFRSs

• *Business combinations*

First-time Adopter of IFRSs may elect not to apply IFRSs retroactively in regards to business combinations that occurred prior to the Transition Date. As the Group elected for such exemption, it has not presented revisions in regards to business combinations that occurred prior to the Transition Date.

• *Deemed costs*

First-time Adopter of IFRSs may measure fair value of investment properties at the Transition date and treat such fair value as deemed costs at Transition Date.

As the Group elected for such exemption and treated fair values of some investment properties at the Transition Date as deemed costs.

• *Leases*

First-time Adopter of IFRSs may determine whether an agreement contains a lease as of the Transition Date. The Group elected for such exemption and determined whether an agreement includes a lease based on the facts and circumstances in existence as of the Transition Date.

• *Employee benefits*

First-time Adopter of IFRSs may recognize all cumulative actuarial gains and losses as of the Transition Date. The Group elected for such exemption and recognized all cumulative actuarial gains and losses as of the Transition Date.

• *Exchange translation differences for foreign operations*

First-time Adopter of IFRSs may elect to deem the cumulative foreign currency translation differences for foreign operations to be zero as of the Transition Date. The Group elected for such exemption and reclassified all the amounts of cumulative foreign currency translation differences for foreign operations as of the Transition Date to retained earnings.

• *Decommissioned liabilities included in the cost of property, plant and equipment*

First-time Adopter of IFRSs may measure a liability, with respect to which specified changes, such as decommissioning, restoration or other similar changes, occurred prior to the Transition Date, as of the Transition Date. Furthermore, First-time Adopter of IFRSs may estimate the amount that would have been included in the cost of the related asset when such liability first arose by discounting the liability to the date of occurrence of such liability, and calculate the accumulated depreciations on such amount based on the current estimate of the useful life of such related asset and by using the depreciation policy that it has adopted. The Group has calculated the liabilities and the accumulated depreciations in accordance with this exemption.

• *Borrowing costs*

First-time Adopter of IFRSs may designate the Transition Date as the commencement date for capitalizing borrowing costs. The Group elected for this exemption.

(2) Reconciliation

In preparing the consolidated financial statements under IFRSs, the Group has adjusted the amounts reported in the consolidated financial statements under Japanese GAAP. The effects from the adjustments on the Group's consolidated financial position, management performance and cash flows are as follows:

1) Reconciliation of equity

Reconciliation of equity as of the Transition Date

	Millions of yen					
Accounts under Japanese GAAP	Japanese GAAP	Effect on changes of fiscal year-end	Reclassification	Effect on transition to IFRSs	IFRSs	Accounts under IFRSs
Assets						Assets
Current assets						Current assets
Cash and deposits	415,694	(144)	(2,745)	(1,171)	411,632	Cash and cash equivalents
			7,043	—	7,043	Time deposits
Trade notes and accounts receivables	478,880	8,960	29,623	(1,831)	515,633	Trade and other receivables
Marketable securities	5,437	34	(4,125)	—	1,346	Other investments
			2,667	1,129	3,796	Derivatives
Inventories	243,210	13,131	(1,046)	10,499	265,794	Inventories
Short-term loans receivable	8,518	(988)	(7,530)			
Deferred tax assets	15,402	233	(15,636)			
			2,646	—	2,646	Income tax receivables
Others	106,832	(3,077)	(34,032)	(445)	69,277	Other current assets
					1,277,172	Sub total
				8,894	8,894	Assets as held for sale
Allowance for doubtful accounts	(7,347)	(1,721)	9,069			
Total current assets	1,266,629	16,427	(14,064)	17,073	1,286,066	Total current assets
Fixed assets						Non-current assets
Property, plant and equipment	215,774	6,628	(10,565)	(4,974)	206,863	Property, plant and equipment
Intangible assets						
Goodwill	51,474	(4)	(577)	(5,492)	45,400	Goodwill
Others	81,120	1,754	(9,475)	(2,289)	71,111	Intangible assets
Investments and other assets						
Investment property	33,993	—	20,988	(4,546)	50,435	Investment property
			238,406	23,427	261,834	Investments accounted for using the equity method
Long-term loans receivable	13,370	(45)	41,913	702	55,940	Trade and other receivables
Non-current trade receivables	79,971	—	(79,971)			
Investments in securities	333,050	124	(225,549)	20,676	128,301	Other investments
			756	49	805	Derivatives
Others	48,168	(382)	(36,974)	512	11,323	Other non-current assets
Deferred tax assets	52,881	(699)	15,636	(15,755)	52,063	Deferred tax assets
Allowance for doubtful accounts	(59,758)	(0)	59,758			
Total non-current assets	850,049	7,374	14,345	12,309	884,079	Total non-current assets
Deferred assets	281	—	(281)			
Total assets	2,116,960	23,802	—	29,383	2,170,145	Total assets

Accounts under Japanese GAAP	Japanese GAAP	Effect on changes of fiscal year-end	Reclassification	Effect on transition to IFRSs	IFRSs	Accounts under IFRSs
			Millions of yen			
Liabilities						Liabilities and equity
						liabilities
Current liabilities						Current liabilities
Trade notes and accounts payables	414,984	9,301	89,359	8,037	521,682	Trade and other payables
Short-term loans	247,656	(3,573)	11,938	208	256,228	Bonds and borrowings
Commercial paper	2,000	—	(2,000)			
Current portion of bonds	60,000	—	(60,000)			
			3,282	1,358	4,640	Derivatives
Income tax payables	6,591	1,557	—	2	8,151	Income tax payables
Deferred tax liabilities	146	65	(212)			
Accrued bonuses	5,845	(277)	(5,567)			
			1,732	(51)	1,680	Provisions
Others	153,321	2,089	(87,821)	2,698	70,288	Other current liabilities
					862,672	Sub total
				2,627	2,627	Liabilities directly related to assets as held for sale
Total current liabilities	890,544	9,162	(49,288)	14,880	865,299	Total current liabilities
Non-current liabilities						Non-current liabilities
Bonds	82,719	—	775,512	1,361	859,594	Bonds and borrowings
Long-term loans	723,926	1,524	(725,450)			
			15,078	(237)	14,841	Trade and other payables
			310	4,899	5,209	Derivatives
Allowance for retirement benefits	13,136	76	1,327	(228)	14,311	Retirement benefits liabilities
Allowance for directors' retirement benefits	833	0	(834)			
			11,648	514	12,162	Provisions
Others	30,505	1,255	(28,515)	3,287	6,533	Other non-current liabilities
Deferred tax liabilities	19,009	1,283	986	(2,309)	18,969	Deferred tax liabilities
Deferred tax liabilities concerning revaluation	774	—	(774)			
Total non-current liabilities	870,905	4,140	49,288	7,288	931,622	Total non-current liabilities
Total liabilities	1,761,449	13,303	—	22,168	1,796,922	Total liabilities
Net assets						Equity
Share capital	160,339	—	—	—	160,339	Share capital
Capital surplus	152,160	—	—	(5,639)	146,520	Capital surplus
Treasury stock	(170)	—	—	31	(138)	Treasury stock
Accumulated other comprehensive income	(141,659)	4,981	—	177,563	40,885	Other components of equity
Retained earnings	159,358	3,821	—	(164,501)	(1,320)	Retained earnings
					346,285	Total equity attributable to owners of the Company
Minority interests	25,481	1,695	—	(239)	26,937	Non-controlling interests
Total net assets	355,510	10,498	—	7,214	373,223	Total equity
Total liabilities and net assets	2,116,960	23,802	—	29,383	2,170,145	Total liabilities and equity

Reconciliation of equity as of March 31, 2012

Millions of yen

Accounts under Japanese GAAP	Japanese GAAP	Effect on changes of fiscal year-end	Reclassification	Effect on transition to IFRSs	IFRSs	Accounts under IFRSs
Assets						Assets
Current assets						Current assets
Cash and deposits	442,706	(750)	(15,519)	(841)	425,595	Cash and cash equivalents
			16,114	—	16,114	Time deposits
Trade notes and accounts receivables	490,708	3,294	30,142	20,379	544,525	Trade and other receivables
Marketable securities	1,297	—	(599)	—	697	Other investments
			2,484	1,192	3,676	Derivatives
Inventories	270,645	5,948	(1,048)	8,493	284,038	Inventories
Short-term loans receivable	5,667	3	(5,671)			
Deferred tax assets	4,577	(107)	(4,470)			
			2,725	—	2,725	Income tax receivables
Others	88,132	(458)	(29,529)	(1,021)	57,124	Other current assets
					1,334,497	Sub total
				4,098	4,098	Assets as held for sale
Allowance for doubtful accounts	(5,583)	(55)	5,638			
Total current assets	1,298,151	7,876	267	32,300	1,338,596	Total current assets
Fixed assets						Non-current assets
Property, plant and equipment	233,260	372	(9,621)	(4,430)	219,581	Property, plant and equipment
Intangible assets						
Goodwill	44,612	9	(375)	2,143	46,390	Goodwill
Others	79,884	122	(8,439)	355	71,922	Intangible assets
Investments and other assets						
Investment property	31,934	—	18,829	(4,404)	46,359	Investment property
			226,264	31,115	257,379	Investments accounted for using the equity method
Long-term loans receivable	22,415	8	42,085	989	65,498	Trade and other receivables
Non-current trade receivables	68,164	—	(68,164)			
Investments in securities	313,897	(3)	(214,619)	13,946	113,222	Other investments
			193	(77)	115	Derivatives
Others	52,788	8	(37,846)	1,342	16,293	Other non-current assets
Deferred tax assets	22,442	(26)	4,470	(11,554)	15,332	Deferred tax assets
Allowance for doubtful accounts	(47,223)	—	47,223			
Total non-current assets	822,177	492	(0)	29,426	852,095	Total non-current assets
Deferred assets	266	—	(266)			
Total assets	2,120,596	8,368	—	61,727	2,190,692	Total assets

Accounts under Japanese GAAP	Japanese GAAP	Effect on changes of fiscal year-end	Reclassification	Effect on transition to IFRSs	IFRSs	Accounts under IFRSs
	Millions of yen					
Liabilities						Liabilities and equity
						liabilities
Current liabilities						Current liabilities
Trade notes and accounts payables	461,799	2,078	87,991	5,328	557,198	Trade and other payables
Short-term loans	282,524	1,449	(11,360)	25,841	298,455	Bonds and borrowings
Commercial paper	2,000	—	(2,000)			
Current portion of bonds	35,000	—	(35,000)			
			8,049	939	8,989	Derivatives
Income tax payables	8,850	211	—	3	9,065	Income tax payables
Deferred tax liabilities	87	—	(87)			
Accrued bonuses	6,254	(190)	(6,064)			
			3,783	291	4,074	Provisions
Others	150,906	2,909	(93,362)	(138)	60,314	Other current liabilities
					938,096	Sub total
				1,221	1,221	Liabilities directly related to assets as held for sale
Total current liabilities	947,422	6,458	(48,050)	33,487	939,317	Total current liabilities
Non-current liabilities						Non-current liabilities
Bonds	80,000	—	739,416	174	819,591	Bonds and borrowings
Long-term loans	691,018	38	(691,056)			
			13,433	(382)	13,050	Trade and other payables
			54	2,987	3,042	Derivatives
Allowance for retirement benefits	14,232	(2)	657	787	15,674	Retirement benefits liabilities
Allowance for directors' retirement benefits	648	2	(651)			
			13,659	719	14,378	Provisions
Others	35,509	(3)	(27,551)	2,665	10,619	Other non-current liabilities
Deferred tax liabilities	20,596	12	784	(1,559)	19,834	Deferred tax liabilities
Deferred tax liabilities concerning revaluation	696	—	(696)			
Total non-current liabilities	842,702	47	48,050	5,392	896,193	Total non-current liabilities
Total liabilities	1,790,125	6,506	—	38,879	1,835,511	Total liabilities
Net assets						Equity
Share capital	160,339	—	—	—	160,339	Share capital
Capital surplus	152,160	—	—	(5,641)	146,518	Capital surplus
Treasury stock	(179)	—	—	31	(147)	Treasury stock
Accumulated other comprehensive income	(158,121)	845	—	180,855	23,580	Other components of equity
Retained earnings	151,706	145	—	(152,179)	(327)	Retained earnings
					329,962	Total equity attributable to owners of the Company
Minority interests	24,565	870	—	(218)	25,218	Non-controlling interests
Total net assets	330,471	1,861	—	22,847	355,180	Total equity
Total liabilities and net assets	2,120,596	8,368	—	61,727	2,190,692	Total liabilities and equity

Reconciliation of equity as of March 31, 2013

	Millions of yen				
Accounts under Japanese GAAP	Japanese GAAP	Reclassification	Effect on transition to IFRSs	IFRSs	Accounts under IFRSs
Assets					Assets
Current assets					Current assets
Cash and deposits	433,584	(9,218)	5	424,371	Cash and cash equivalents
		9,313	—	9,313	Time deposits
Trade notes and accounts receivables	456,455	25,586	26,649	508,690	Trade and other receivables
Marketable securities	100	(100)	—	—	Other investments
		2,572	1,528	4,100	Derivatives
Inventories	292,105	(2,353)	2,096	291,848	Inventories
Short-term loans receivable	2,222	(2,222)			
Deferred tax assets	4,132	(4,132)			
		4,778	—	4,778	Income tax receivables
Others	79,120	(29,864)	(2,484)	46,771	Other current assets
				1,289,875	Sub total
			1,303	1,303	Assets as held for sale
Allowance for doubtful accounts	(3,449)	3,449			
Total current assets	1,264,271	(2,191)	29,098	1,291,178	Total current assets
Fixed assets					Non-current assets
Property, plant and equipment	228,332	(2,170)	(2,965)	223,196	Property, plant and equipment
Intangible assets					
Goodwill	39,865	(108)	5,967	45,725	Goodwill
Others	86,248	(13,411)	(985)	71,852	Intangible assets
Investments and other assets					
Investment property	26,608	15,944	(2,496)	40,055	Investment property
		251,626	28,188	279,815	Investments accounted for using the equity method
Long-term loans receivable	31,311	31,753	(102)	62,963	Trade and other receivables
Non-current trade receivables	59,670	(59,670)			
Investments in securities	338,744	(238,170)	14,022	114,596	Other investments
		261	(31)	229	Derivatives
Others	43,830	(34,180)	1,326	10,976	Other non-current assets
Deferred tax assets	13,710	4,132	(8,381)	9,461	Deferred tax assets
Allowance for doubtful accounts	(46,375)	46,375			
Total non-current assets	821,947	2,382	34,541	858,871	Total non-current assets
Deferred assets	190	(190)			
Total assets	2,086,410	—	63,640	2,150,050	Total assets

	Millions of yen				
Accounts under Japanese GAAP	Japanese GAAP	Reclassification	Effect on transition to IFRSs	IFRSs	Accounts under IFRSs
Liabilities					Liabilities and equity
					liabilities
Current liabilities					Current liabilities
Trade notes and accounts payables	436,696	77,681	1,610	515,989	Trade and other payables
Short-term loans	242,267	(10,824)	26,932	258,375	Bonds and borrowings
Commercial paper	2,000	(2,000)			
Current portion of bonds	30,000	(30,000)			
		14,952	999	15,952	Derivatives
Income tax payables	5,407	—	1,630	7,038	Income tax payables
Deferred tax liabilities	245	(245)			
Accrued bonuses	6,154	(6,154)			
		1,307	111	1,419	Provisions
Others	136,238	(87,867)	1,779	50,150	Other current liabilities
				848,926	Sub total
Total current liabilities	859,010	(43,149)	33,065	848,926	Total current liabilities
Non-current liabilities					Non-current liabilities
Bonds	60,000	758,423	209	818,632	Bonds and borrowings
Long-term loans	715,478	(715,478)			
		10,206	(389)	9,816	Trade and other payables
		164	1,720	1,884	Derivatives
Allowance for retirement benefits	14,998	627	531	16,158	Retirement benefits liabilities
Allowance for directors' retirement benefits	630	(630)			
		18,084	808	18,892	Provisions
Others	34,244	(28,492)	1,561	7,313	Other non-current liabilities
Deferred tax liabilities	19,509	245	(2,627)	17,127	Deferred tax liabilities
Total non-current liabilities	844,862	43,149	1,813	889,824	Total non-current liabilities
Total liabilities	1,703,872	—	34,878	1,738,751	Total liabilities
Net assets					Equity
Share capital	160,339	—	—	160,339	Share capital
Capital surplus	152,160	—	(5,642)	146,518	Capital surplus
Treasury stock	(179)	—	31	(148)	Treasury stock
Accumulated other comprehensive income	(117,272)	—	180,098	62,826	Other components of equity
Retained earnings	158,488	—	(145,435)	13,053	Retained earnings
				382,589	Total equity attributable to owners of the Company
Minority interests	29,000	—	(291)	28,709	Non-controlling interests
Total net assets	382,537	—	28,761	411,298	Total equity
Total liabilities and net assets	2,086,410	—	63,640	2,150,050	Total liabilities and equity

Accounts under Japanese GAAP	Japanese GAAP	Reclassification	Effect on transition to IFRSs	IFRSs	Accounts under IFRSs
	Thousands of U.S. dollars				
Assets					Assets
Current assets					Current assets
Cash and deposits	4,612,595	(98,063)	53	4,514,585	Cash and cash equivalents
		99,074	—	99,074	Time deposits
Trade notes and accounts receivables	4,855,904	272,191	283,500	5,411,595	Trade and other receivables
Marketable securities	1,063	(1,063)	—	—	Other investments
		27,361	16,255	43,617	Derivatives
Inventories	3,107,500	(25,031)	22,297	3,104,765	Inventories
Short-term loans receivable	23,638	(23,638)			
Deferred tax assets	43,957	(43,957)			
		50,829	—	50,829	Income tax receivables
Others	841,702	(317,702)	(26,425)	497,563	Other current assets
				13,722,074	Sub total
			13,861	13,861	Assets as held for sale
Allowance for doubtful accounts	(36,691)	36,691			
Total current assets	13,449,691	(23,308)	309,553	13,735,936	Total current assets
Fixed assets					Non-current assets
Property, plant and equipment	2,429,063	(23,085)	(31,542)	2,374,425	Property, plant and equipment
Intangible assets					
Goodwill	424,095	(1,148)	63,478	486,436	Goodwill
Others	917,531	(142,670)	(10,478)	764,382	Intangible assets
Investments and other assets					
Investment property	283,063	169,617	(26,553)	426,117	Investment property
		2,676,872	299,872	2,976,755	Investments accounted for using the equity method
Long-term loans receivable	333,095	337,797	(1,085)	669,819	Trade and other receivables
Non-current trade receivables	634,787	(634,787)			
Investments in securities	3,603,659	(2,533,723)	149,170	1,219,106	Other investments
		2,776	(329)	2,436	Derivatives
Others	466,276	(363,617)	14,106	116,765	Other non-current assets
Deferred tax assets	145,851	43,957	(89,159)	100,648	Deferred tax assets
Allowance for doubtful accounts	(493,351)	493,351			
Total non-current assets	8,744,117	25,340	367,457	9,136,925	Total non-current assets
Deferred assets	2,021	(2,021)			
Total assets	22,195,851	—	677,021	22,872,872	Total assets

	Thousands of U.S. dollars				
Accounts under Japanese GAAP	Japanese GAAP	Reclassification	Effect on transition to IFRSs	IFRSs	Accounts under IFRSs
Liabilities					Liabilities and equity
					liabilities
Current liabilities					Current liabilities
Trade notes and accounts payables	4,645,702	826,393	17,127	5,489,244	Trade and other payables
Short-term loans	2,577,308	(115,148)	286,510	2,748,670	Bonds and borrowings
Commercial paper	21,276	(21,276)			
Current portion of bonds	319,148	(319,148)			
		159,063	10,627	169,702	Derivatives
Income tax payables	57,521	—	17,340	74,872	Income tax payables
Deferred tax liabilities	2,606	(2,606)			
Accrued bonuses	65,468	(65,468)			
		13,904	1,180	15,095	Provisions
Others	1,449,340	(934,755)	18,925	533,510	Other current liabilities
				9,031,127	Sub total
Total current liabilities	9,138,404	(459,031)	351,755	9,031,127	Total current liabilities
Non-current liabilities					Non-current liabilities
Bonds	638,297	8,068,329	2,223	8,708,851	Bonds and borrowings
Long-term loans	7,611,468	(7,611,468)			
		108,574	(4,138)	104,425	Trade and other payables
		1,744	18,297	20,042	Derivatives
Allowance for retirement benefits	159,553	6,670	5,648	171,893	Retirement benefits liabilities
Allowance for directors' retirement benefits	6,702	(6,702)			
		192,382	8,595	200,978	Provisions
Others	364,297	(303,106)	16,606	77,797	Other non-current liabilities
Deferred tax liabilities	207,542	2,606	(27,946)	182,202	Deferred tax liabilities
Total non-current liabilities	8,987,893	459,031	19,287	9,466,212	Total non-current liabilities
Total liabilities	18,126,297	—	371,042	18,497,351	Total liabilities
Net assets					Equity
Share capital	1,705,734	—	—	1,705,734	Share capital
Capital surplus	1,618,723	—	(60,021)	1,558,702	Capital surplus
Treasury stock	(1,904)	—	329	(1,574)	Treasury stock
Accumulated other comprehensive income	(1,247,574)	—	1,915,936	668,361	Other components of equity
Retained earnings	1,686,042	—	(1,547,180)	138,861	Retained earnings
				4,070,095	Total equity attributable to owners of the company
Minority interests	308,510	—	(3,095)	305,414	Non-controlling interests
Total net assets	4,069,542	—	305,968	4,375,510	Total equity
Total liabilities and net assets	22,195,851	—	677,021	22,872,872	Total liabilities and equity

2) Reconciliation of profit or loss and other comprehensive income

Reconciliation of profit or loss and other comprehensive income for the year ended March 31, 2012

	Millions of yen					
Accounts under Japanese GAAP	Japanese GAAP	Effect on changes of fiscal year-end	Reclassification	Effect on transition to IFRSs	IFRSs	Accounts under IFRSs
Net sales	4,494,237	(170,095)	(4,324,141)			Revenue
			4,233,423	(2,317,431)	1,915,992	Sales of goods
			90,640	16	90,657	Sales of services and others
	4,494,237	(170,095)	(77)	(2,317,414)	2,006,649	Total revenue
Cost of sales	(4,262,671)	153,947	(241)	2,319,382	(1,789,582)	Cost of sales
Gross trading profit	231,566	(16,148)	(318)	1,967	217,066	Gross profit
Selling, general and administrative expenses	(167,044)	8,473	(434)	5,341	(153,663)	Selling, general and administrative expenses
						Other income (expenses)
			1,901	(61)	1,839	Gain (loss) on sale of fixed assets, net
			(6,091)	2,901	(3,190)	Impairment loss on fixed assets
			5,804	(4,846)	957	Gain on sale of subsidiaries/associates
			(2,747)	1,018	(1,728)	Loss on reorganization of subsidiaries/associates
			13,637	(1,931)	11,705	Other operating income
			(15,544)	30	(15,513)	Other operating expenses
					(5,930)	Total other income (expenses)
Operating income	64,522	(7,675)	(3,794)	4,420	57,472	Operating income
Non-operating income	37,142	(1,080)	(36,061)			
Non-operation expenses	(39,436)	1,331	38,104			
Extraordinary gains	14,239	(524)	(13,714)			
Extraordinary losses	(15,014)	53	14,961			
						Financial income
			5,399	153	5,552	Interests earned
			4,962	(1,679)	3,283	Dividends received
			3,875	(3,836)	39	Other financial income
					8,875	Total financial income
						Financial costs
			(23,189)	(658)	(23,848)	Interest expenses
			(3,128)	2,789	(338)	Other financial costs
					(24,186)	Total financial costs
			12,326	3,970	16,296	Share of profit (loss) of investments accounted for using the equity method
Profit before income taxes and minority interests	61,454	(7,896)	(259)	5,159	58,457	Profit before tax
Income taxes	(62,304)	3,537	259	1,771	(56,735)	Income tax expenses
Net loss before adjustments to gain (loss) of minority interest holders	(850)	(4,358)	—	6,930	1,722	Profit for the year
Net loss	(3,649)	(4,089)	—	6,699	(1,040)	Profit for the year (Attributed to owners of the Company)
Profit of minority interest holders	2,799	(268)	—	231	2,762	Profit for the year (Attributed to non-controlling interests)

	Millions of yen					
Accounts under Japanese GAAP	Japanese GAAP	Effect on changes of fiscal year-end	Reclassification	Effect on transition to IFRSs	IFRSs	Accounts under IFRSs
Net loss before adjustments to gain (loss) of minority interest holders	(850)	(4,358)	—	6,930	1,722	Profit for the year
Other comprehensive income						Other comprehensive income
						Items that will not be reclassified to profit or loss
Net realizable losses on available-for sale securities	(2,802)	29	(1,903)	3,665	(1,010)	Financial assets measured at fair value through other comprehensive income
Pension obligation adjustment amount for foreign companies	(184)	(2)	15	(701)	(872)	Actuarial gains (losses) on defined benefits plan
Land revaluation difference	77	—	3	(81)		
					(1,883)	Total items that will not be reclassified to profit or loss
						Items that may be reclassified subsequently to profit or loss
Foreign currency translation adjustments	(1,302)	(5,714)	(8,514)	3,027	(12,505)	Foreign currency translation differences for foreign operations
Net deferred profit (loss) on derivatives under hedge accounting	(1,899)	615	(276)	615	(945)	Cash flow hedges
					(13,450)	Total items that may be reclassified subsequently to profit or loss
Other comprehensive income from investments accounted for under the equity method	(10,660)	(15)	10,675			
Total other comprehensive income	(16,772)	(5,087)	—	6,526	(15,334)	Other comprehensive income for the year, net of tax
Comprehensive income	(17,622)	(9,446)	—	13,456	(13,611)	Total comprehensive income for the year
Comprehensive income attributable to shareholders of Sojitz Group	(20,212)	(8,996)	—	13,031	(16,177)	Total comprehensive income for the year (Attributed to owners of the Company)
Comprehensive income attributable to minority interests	2,589	(449)	—	425	2,565	Total comprehensive income for the year (Attributed to non-controlling interests)

Reconciliation of profit or loss and other comprehensive income for the year ended March 31, 2013

Accounts under Japanese GAAP	Japanese GAAP	Effect on changes of fiscal year-end	Reclassification	Effect on transition to IFRSs	IFRSs	Accounts under IFRSs
	Millions of yen					
Net sales	3,955,907	(14,886)	(3,941,021)			Revenue
			3,852,993	(2,193,760)	1,659,233	Sales of goods
			88,523	(6)	88,517	Sales of services and others
	3,955,907	(14,886)	495	(2,193,766)	1,747,750	Total revenue
Cost of sales	(3,763,842)	13,558	(744)	2,190,523	(1,560,504)	Cost of sales
Gross trading profit	192,064	(1,327)	(248)	(3,242)	187,245	Gross profit
Selling, general and administrative expenses	(158,759)	514	(90)	7,242	(151,091)	Selling, general and administrative expenses
						Other income (expenses)
			2,642	(433)	2,209	Gain (loss) on sale of fixed assets, net
			(11,893)	343	(11,549)	Impairment loss on fixed assets
			1,277	861	2,138	Gain on sale of subsidiaries/ associates
			(1,690)	(1,834)	(3,525)	Loss on reorganization of subsidiaries/associates
			11,422	(720)	10,702	Other operating income
			(12,519)	1,883	(10,636)	Other operating expenses
					(10,660)	Total other income (expenses)
Operating income	33,305	(813)	(11,099)	4,100	25,493	Operating income
Non-operating income	39,952	(232)	(39,720)			
Non-operating expenses	(38,779)	183	38,596			
Extraordinary gains	13,739	0	(13,740)			
Extraordinary losses	(16,498)	1	16,497			
						Financial income
			4,911	73	4,984	Interests earned
			2,587	173	2,761	Dividends received
			7,466	(7,190)	276	Other financial income
					8,022	Total financial income
						Financial costs
			(20,917)	(330)	(21,247)	Interest expenses
			(334)	334	—	Other financial costs
					(21,247)	Total financial costs
			15,587	196	15,784	Share of profit (loss) of investments accounted for using the equity method
Profit before income taxes and minority interests	31,719	(859)	(165)	(2,642)	28,052	Profit before tax
Income taxes	(13,453)	211	165	2,018	(11,058)	Income tax expenses
Net income before adjustments to gain (loss) of minority interest holders	18,265	(648)	—	(623)	16,993	Profit for the year
Net income	14,263	(439)	—	(374)	13,448	Profit for the year (Attributed to owners of the Company)
Profit of minority interest holders	4,002	(208)	—	(249)	3,544	Profit for the year (Attributed to non-controlling interests)

Accounts under Japanese GAAP	Japanese GAAP	Effect on changes of fiscal year-end	Reclassification	Effect on transition to IFRSs	IFRSs	Accounts under IFRSs
	Millions of yen					
Net income before adjustments to gain (loss) of minority interest holders	18,265	(648)	—	(623)	16,993	Profit for the year
Other comprehensive income						Other comprehensive income
						Items that will not be reclassified to profit or loss
Net realizable losses on available-for sale securities	5,216	—	921	5,034	11,172	Financial assets measured at fair value through other comprehensive income
Pension obligation adjustment for foreign companies	(201)	—	(308)	111	(398)	Actuarial gains (losses) on defined benefits plan
					10,774	Total items that will not be reclassified to profit or loss
						Items that may be reclassified subsequently to profit or loss
Foreign currency translation adjustments	20,417	(1,282)	13,458	1,915	34,509	Foreign currency translation differences for foreign operations
Net deferred profit (loss) on derivatives under hedge accounting	1,277	—	(2,196)	389	(528)	Cash flow hedges
					33,980	Total items that may be reclassified subsequently to profit or loss
Other comprehensive income from investments accounted for under the equity method	11,875	—	(11,875)			
Total other comprehensive income	38,585	(1,282)	—	7,451	44,754	Other comprehensive income for the year, net of tax
Comprehensive income	56,851	(1,931)	—	6,827	61,748	Total comprehensive income for the year
Comprehensive income attributable to shareholders of Sojitz Group	49,939	(1,288)	—	7,521	56,171	Total comprehensive income for the year (Attributed to owners of the Company)
Comprehensive income attributable to minority interests	6,911	(642)	—	(693)	5,576	Total comprehensive income for the year (Attributed to non-controlling interests)

Accounts under Japanese GAAP	Japanese GAAP	Effect on changes of fiscal year-end	Reclassification	Effect on transition to IFRSs	IFRSs	Accounts under IFRSs
	Thousands of U.S. dollars					
Net sales	42,084,117	(158,361)	(41,925,755)			Revenue
			40,989,287	(23,337,872)	17,651,414	Sales of goods
			941,734	(63)	941,670	Sales of services and others
	42,084,117	(158,361)	5,265	(23,337,936)	18,593,085	Total revenue
Cost of sales	(40,040,872)	144,234	(7,914)	23,303,436	(16,601,106)	Cost of sales
Gross trading profit	2,043,234	(14,117)	(2,638)	(34,489)	1,991,968	Gross profit
Selling, general and administrative expenses	(1,688,925)	5,468	(957)	77,042	(1,607,351)	Selling, general and administrative expenses
						Other income (expenses)
			28,106	(4,606)	23,500	Gain (loss) on sale of fixed assets, net
			(126,521)	3,648	(122,861)	Impairment loss on fixed assets
			13,585	9,159	22,744	Gain on sale of subsidiaries/associates
			(17,978)	(19,510)	(37,500)	Loss on reorganization of subsidiaries/associates
			121,510	(7,659)	113,851	Other operating income
			(133,180)	20,031	(113,148)	Other operating expenses
					(113,404)	Total other income (expenses)
Operating income	354,308	(8,648)	(118,074)	43,617	271,202	Operating income
Non-operating income	425,021	(2,468)	(422,553)			
Non-operating expenses	(412,542)	1,946	410,595			
Extraordinary gains	146,159	0	(146,170)			
Extraordinary losses	(175,510)	10	175,500			
						Financial income
			52,244	776	53,021	Interests earned
			27,521	1,840	29,372	Dividends received
			79,425	(76,489)	2,936	Other financial income
					85,340	Total financial income
						Financial costs
			(222,521)	(3,510)	(226,031)	Interest expenses
			(3,553)	3,553	—	Other financial costs
					(226,031)	Total financial costs
			165,819	2,085	167,914	Share of profit (loss) of investments accounted for using the equity method
Profit before income taxes and minority interests	337,436	(9,138)	(1,755)	(28,106)	298,425	Profit before tax
Income taxes	(143,117)	2,244	1,755	21,468	(117,638)	Income tax expenses
Net income before adjustments to gain (loss) of minority interest holders	194,308	(6,893)	—	(6,627)	180,776	Profit for the year
Net income	151,734	(4,670)	—	(3,978)	143,063	Profit for the year (Attributed to owners of the Company)
Profit of minority interest holders	42,574	(2,212)	—	(2,648)	37,702	Profit for the year (Attributed to non-controlling interests)

	Thousands of U.S. dollars					
Accounts under Japanese GAAP	Japanese GAAP	Effect on changes of fiscal year-end	Reclassification	Effect on transition to IFRSs	IFRSs	Accounts under IFRSs
Net income before adjustments to gain (loss) of minority interest holders	194,308	(6,893)	—	(6,627)	180,776	Profit for the year
Other comprehensive income						Other comprehensive income
						Items that will not be reclassified to profit or loss
Net realizable losses on available-for sale securities	55,489	—	9,797	53,553	118,851	Financial assets measured at fair value through other comprehensive income
Pension obligation adjustment for foreign companies	(2,138)	—	(3,276)	1,180	(4,234)	Actuarial gains (losses) on defined benefits plan
					114,617	Total items that will not be reclassified to profit or loss
						Items that may be reclassified subsequently to profit or loss
Foreign currency translation adjustments	217,202	(13,638)	143,170	20,372	367,117	Foreign currency translation differences for foreign operations
Net deferred profit (loss) on derivatives under hedge accounting	13,585	—	(23,361)	4,138	(5,617)	Cash flow hedges
					361,489	Total items that may be reclassified subsequently to profit or loss
Other comprehensive income from investments accounted for under the equity method	126,329	—	(126,329)			
Total other comprehensive income	410,478	(13,638)	—	79,265	476,106	Other comprehensive income for the year, net of tax
Comprehensive income	604,797	(20,542)	—	72,627	656,893	Total comprehensive income for the year
Comprehensive income attributable to shareholders of Sojitz Group	531,265	(13,702)	—	80,010	597,563	Total comprehensive income for the year (Attributed to owners of the Company)
Comprehensive income attributable to minority interests	73,521	(6,829)	—	7,372	59,319	Total comprehensive income for the year (Attributed to non-controlling interests)

3) Reconciliation of cash flows
There are no material differences between the Consolidated Statements of Cash Flows under Japanese GAAP and the Consolidated Statements of Cash Flows under IFRSs.

(3) Notes on reconciliation

The explanations regarding the reconciliation chart under item (2) above are as follows.

1) Changes in fiscal year-end date
Under Japanese GAAP, the Group prepared the consolidated financial statements based on the financial statements of its subsidiaries and Entities subject to Equity Method as of their fiscal year-end dates even if such fiscal year-end dates differ from that of the Company. On the other hand, under IFRSs, the financial statements of its subsidiaries and Entities subject to Equity Method are prepared with the same fiscal year-end date as that of the Company, excluding cases in which doing so is impractical. Moreover, if the fiscal year-end date of a subsidiary differs from that of the Company, significant transactions or events between the fiscal year-end date of such subsidiary and that of the Company are reflected to the consolidated financial statements.

2) Reclassification
Reclassifications affected presentation of the Consolidated Statements of Profits or Loss and the Consolidated Statements of Profit or Loss and other comprehensive income but did not affect that of retained earnings. The main contents of reclassifications are as follows.

- *All of the deferred tax assets and deferred tax liabilities were reclassified as non-current assets and non-current liabilities.*
- *Each of non-current assets that fell under the category of investment property as defined in IFRSs were reclassified as "Investment property".*
- *Since the Group has the intention and ability to refinance its borrowings from financial institutions, current portion of long-term loans was reclassified as non-current liabilities based on the amounts under commitment line agreements yet to be used.*

3) Effects from transition to IFRSs
(a) Scope of application of equity method
Associates subject to the equity method have increased due to the application of IFRSs. When the Group determines the scope of equity method in consideration of significant influence, the Group determined the scope based on detailed requirements relating to the percentage of voting rights under Japanese GAAP. On the other hand, entities are included in the scope of equity method if the Group has significant influence in entities under IFRSs, regardless of their percentage of the voting rights. The summary of effects caused by such increase was as follows.

	Millions of yen			Thousands of U.S. dollars
Consolidated Statements of Financial Position	2011 (Transition Date)	2012	2013	2013
Investments accounted for using the equity method	8,017	10,627	5,124	54,510
Other investments	(1,857)	(1,877)	(1,106)	(11,765)
Other components of equity	(266)	(273)	(523)	(5,563)
Related tax effects	(185)	(155)	(54)	(574)
Adjustment to retained earnings	5,707	8,320	3,440	36,595

	Millions of yen		Thousands of U.S. dollars
Consolidated Statements of Profit or Loss	2012	2013	2013
Share of profit (loss) of investments accounted for using the equity method	4,291	(1,235)	(13,138)
Dividends received	(1,679)	—	—
Other financial income	—	(3,484)	(37,063)
Loss on reorganization of subsidiaries/associates	—	(160)	(1,702)
Adjustment to profit before tax	2,612	(4,880)	(51,914)

	Millions of yen		Thousands of U.S. dollars
Consolidated Statements of Profit or Loss and Other Comprehensive Income	2012	2013	2013
Financial assets measured at fair value through other comprehensive income	9	(180)	(1,914)
Foreign currency translation differences for foreign operations	(3)	430	4,574
Adjustment to other comprehensive income	6	249	2,648

(b) Deemed costs

In conformance with IFRS 1, the Group elected to treat fair values of some investment properties as of the Transition Date as deemed costs. The summary of effects caused by such election is as follows.

Please note that the fair values of investment property as of the Transition Date which were treated as deemed costs and carrying amount (of such investment properties) under Japanese GAAP were 21,797 million yen and 24,862 million yen, respectively.

	Millions of yen			Thousands of U.S. dollars
Consolidated Statements of Financial Position	2011 (Transition Date)	2012	2013	2013
Investment property	(3,064)	(3,097)	(1,570)	(16,702)
Related tax effects	(928)	(851)	(33)	(351)
Non-controlling interests	317	316	319	3,393
Adjustment to retained earnings	(3,675)	(3,631)	(1,284)	(13,659)

	Millions of yen		Thousands of U.S. dollars
Consolidated Statements of Profit or Loss	2012	2013	2013
Cost of sales	(7)	(9)	(95)
Selling, general and administrative expenses	(10)	(32)	(340)
Impairment loss on fixed assets	—	1,584	16,851
Other operating expenses	(14)	(14)	(148)
Adjustment to profit before tax	(32)	1,526	16,234

(c) Costs of equity transactions

While the Company's transaction costs arising from issuance or acquisition of equity instruments were recognized as profit or loss under Japanese GAAP, they were directly deducted from capital surplus under IFRSs. The summary of effects caused by such difference is as follows.

	Millions of yen			Thousands of U.S. dollars
Consolidated Statements of Financial Position	2011 (Transition Date)	2012	2013	2013
Reclassification to capital surplus	5,639	5,641	5,642	60,021
Adjustment to retained earnings	5,639	5,641	5,642	60,021

(d) Investments in equity instruments without quoted prices

Under Japanese GAAP, investments in equity instruments without quoted prices were measured at acquisition cost. However, under IFRSs, such equity investments were measured at fair value. The summary of effects caused by such difference is as follows.

	Millions of yen			Thousands of U.S. dollars
Consolidated Statements of Financial Position	2011 (Transition Date)	2012	2013	2013
Other investments	22,372	16,186	15,158	161,255
Investments accounted for using the equity method	17,125	20,768	22,373	238,010
Other components of equity	(30,202)	(31,050)	(31,568)	(335,829)
Related tax effects	(9,240)	(5,843)	(5,903)	(62,797)
Non-controlling interests	(54)	(60)	(59)	(627)
Adjustment to retained earnings	—	—	—	—

	Millions of yen		Thousands of U.S. dollars
Consolidated Statements of Profit or Loss and Other Comprehensive Income	2012	2013	2013
Financial assets measured at fair value through other comprehensive income	847	518	5,510
Adjustment to other comprehensive income	847	518	5,510

(e) Exchange translation differences for foreign operations

In conformance with IFRS 1, the Group elected to deem the cumulative exchange translation differences for all foreign operations which existed as of the Transition Date to be zero as of such date. The summary of effects caused by such election is as follows.

	Millions of yen			Thousands of U.S. dollars
Consolidated Statements of Financial Position	2011 (Transition Date)	2012	2013	2013
Reclassification from other components of equity	(154,671)	(153,529)	(151,514)	(1,611,851)
Adjustment to retained earnings	(154,671)	(153,529)	(151,514)	(1,611,851)

	Millions of yen		Thousands of U.S. dollars
Consolidated Statements of Profit or Loss	2012	2013	2013
Gain on sale of subsidiaries/associates	103	64	680
Loss on reorganization of subsidiaries/associates	1,038	1,949	20,734
Adjustment to profit before tax	1,142	2,014	21,425

	Millions of yen		Thousands of U.S. dollars
Consolidated Statements of Profit or Loss and Other Comprehensive Income	2012	2013	2013
Exchange translation differences for foreign operations	(1,142)	(2,014)	(21,425)
Adjustment to other comprehensive income	(1,142)	(2,014)	(21,425)

(f) Presentation of revenue

Under Japanese GAAP, revenue was presented in gross terms based on the industry's customs. However, under IFRSs, revenue from transactions in which the Group is determined to be acting as an agent was presented in net terms. The summary of effects caused by such difference is as follows.

	Millions of yen		Thousands of U.S. dollars
Consolidated Statements of Profit or Loss	2012	2013	2013
Sales of goods	(2,315,085)	(2,186,706)	(23,262,829)
Cost of sales	2,315,085	2,186,706	23,262,829
Adjustment to profit before tax	—	—	—

(g) Goodwill

Under Japanese GAAP, goodwill was amortized over a fixed period. However, such calculation is not done under IFRSs. Furthermore, with respect to impairment of goodwill, while impairment tests were performed only if there is an indication of impairment under Japanese GAAP, such tests are performed annually under IFRSs. In addition, while negative goodwill was recognized as liability under Japanese GAAP, such liability is not recognized under IFRSs and therefore the Group reclassified the amount of such liability as of the Transition Date to retained earnings. The summary of effects caused by the above differences is as follows.

Impairment losses which arose as of the Transition Date based on the differences between Japanese GAAP and IFRSs, as stated above, were mainly from the following: the cash-generating unit group which includes goodwill associated with the reorganization of business of selling condominium in lots or the like belonging to the consumer lifestyle business segment (impairment loss amount being 3,336 million yen); and, the cash-generating unit group which includes goodwill associated with the reorganization of the domestic subsidiaries' business of selling plastics belonging to the chemicals segment (impairment loss amount being 3,445 million yen). All of such impairment losses were deducted from the carrying amount of goodwill. The recoverable amount for each such cash-generating unit group was calculated based on the applicable use value. The use value applicable to each such cash-generating unit group was calculated by discounting future cash flows using the discount rates before tax (i.e., 11.4% for the former group and 8.7% for the latter group).

	Millions of yen			Thousands of U.S. dollars
Consolidated Statements of Financial Position	2011 (Transition Date)	2012	2013	2013
Goodwill	(5,492)	2,143	5,967	63,478
Other components of equity	—	84	9	95
Adjustment to retained earnings	(5,492)	2,228	5,976	63,574

	Millions of yen		Thousands of U.S. dollars
Consolidated Statements of Profit or Loss	2012	2013	2013
Selling, general and administrative expenses	5,219	5,063	53,861
Impairment loss on fixed assets	3,083	(768)	(8,170)
Other income	(582)	(546)	(5,808)
Adjustment to profit before tax	7,720	3,748	39,872

	Millions of yen		Thousands of U.S. dollars
Consolidated Statements of Profit or Loss and Other Comprehensive Income	2012	2013	2013
Exchange translation differences for foreign operations	(84)	74	787
Adjustment to other comprehensive income	(84)	74	787

(h) Transfer of financial assets

Of the liquidated receivables of discounted notes or the like that were derecognized due to transfer under Japanese GAAP, the Group continued to recognize liquidated receivables with respect to which the Group may be obligated to make payments as recourse for non-payment by the debtor, as such liquidated receivables did not meet the criteria for derecognition of financial assets under IFRSs. The summary of effects caused by such difference is as follows.

	Millions of yen			Thousands of U.S. dollars
Consolidated Statements of Financial Position	2011 (Transition Date)	2012	2013	2013
Trade notes and accounts receivables	—	25,363	26,355	280,372
Bonds and borrowings	—	(25,363)	(26,355)	(280,372)
Adjustment to retained earnings	—	—	—	—

(i) Tax effect adjustment amount

The effects on deferred tax assets (net after offset with deferred tax liabilities) under the consolidated statements of financial position in connection with the above-stated adjustments were as follows.

		Millions of yen			Thousands of U.S. dollars
Adjusted item	Note	2011 (Transition Date)	2012	2013	2013
Scope of application of equity method	3) (a)	(185)	(155)	(54)	(574)
Deemed costs	3) (b)	(928)	(851)	(33)	(351)
Investments in equity instruments without quoted prices	3) (d)	(9,240)	(5,843)	(5,903)	(62,797)
Others		(3,091)	(3,145)	236	2,510
Total		(13,446)	(9,995)	(5,754)	(61,212)

In connection with the above-stated adjustments, income tax expenses under the Consolidated Statements of Profit or Loss for the years ended March 31, 2012 and March 31, 2013 decreased by 2,030 million yen and 2,183 million yen (U.S.$23,223 thousand), respectively.

(j) Retained earnings

The effects on retained earnings due to the above-stated adjustments were as follows.

		Millions of yen			Thousands of U.S. dollars
Adjusted item	Note	2011 (Transition Date)	2012	2013	2013
Scope of application of equity method	3) (a)	5,707	8,320	3,440	36,595
Deemed costs	3) (b)	(3,675)	(3,631)	(1,284)	(13,659)
Costs of equity transactions	3) (c)	5,639	5,641	5,642	60,021
Exchange translation differences for foreign operations	3) (e)	(154,671)	(153,529)	(151,514)	(1,611,851)
Goodwill	3) (g)	(5,492)	2,228	5,976	63,574
Others		(12,009)	(11,208)	(7,695)	(81,861)
Total		(164,501)	(152,179)	(145,435)	(1,547,180)

"Others" was adjusted mainly due to accounting for accrued vacation pay, which was not accounted for under Japanese GAAP, based on transition to IFRSs.

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 statement of financial position as at March 31, 2013, and the consolidated statement of profit or loss, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes, comprising 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 International Financial Reporting Standards, 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 audit. We conducted our audit 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, 2013, and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 37 to the consolidated financial statements:
In April 22 and May 30, 2013, Sojitz Corporation issued unsecured bonds in accordance with the conditions approved by the Board of Directors on March 28, 2013.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2013 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 2(3) to the consolidated financial statements.

KPMG AZSA LLC

June 25, 2013
Tokyo, Japan

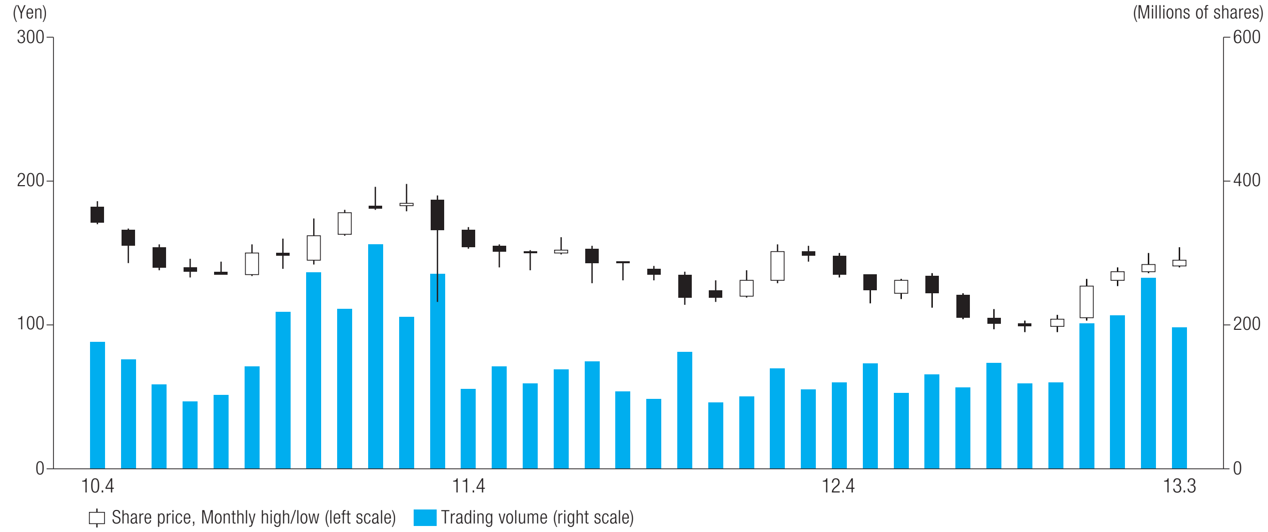
KPMG AZSA LLC, a limited liability audit corporation incorporated under the Japanese Certified Public Accountants Law and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Corporate Data (As of March 31, 2013)

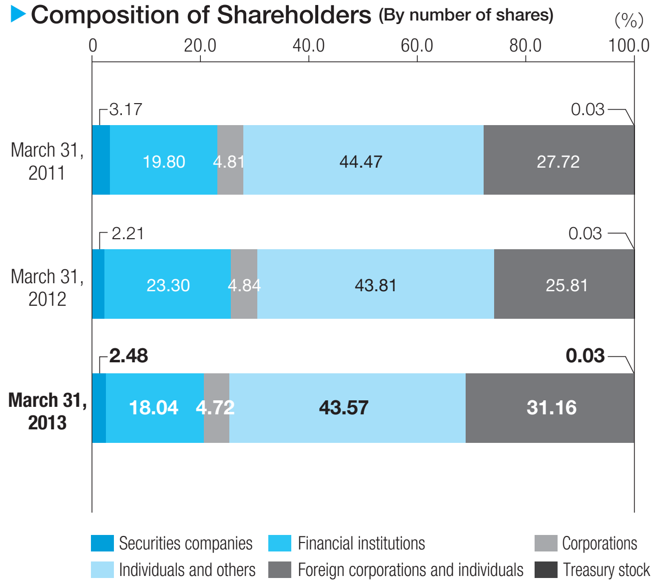
Company Name	Sojitz Corporation
Established	April 1, 2003
Capitalization	160,339 million yen
President & CEO	Yoji Sato
Head Office	1-1, Uchisaiwaicho 2-chome, Chiyoda-ku, Tokyo 100-8691, Japan TEL: +81-3-6871-5000 FAX: +81-3-6871-2430
Number of Branches & Offices	Domestic 7 Overseas 89
Number of Subsidiaries & Associates	Domestic 128 Overseas 342
Number of Employees	Non-consolidated 2,240 Consolidated 15,963
Securities Code	2768

Stock-Related Data

Monthly Share Price Range and Trading Volume



Composition of Shareholders (By number of shares)



Major Shareholders (As of March 31, 2013)

Name	Number of Shares Held (Thousands)	% of Shares Outstanding
Japan Trustee Services Bank, Ltd.	134,653	10.76
The Master Trust Bank of Japan, Ltd.	35,473	2.83
State Street Bank and Trust Company 505225	16,635	1.33
Trust & Custody Services Bank, Ltd.	15,899	1.27
Mellon Bank, N.A. as Agent for its Client Mellon Omnibus US Pension	15,242	1.22
State Street Bank and Trust Client Omnibus Account OM02	13,270	1.06
SSBT OD05 Omnibus Account-Treaty Clients	13,247	1.06
Nomura Singapore Limited Customer Segregated A/C FJ-1309	11,492	0.92
State Street Bank and Trust Company	10,811	0.86
The Chase Manhattan Bank, N.A. London Secs Lending Omnibus Account	9,984	0.80

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

sojitz

New way, New value

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