

Summary of Consolidated Financial Results for the Year Ended March 31, 2014 (IFRS)

May 8, 2014

Sojitz Corporation

(URL <http://www.sojitz.com>)

Listed stock exchange: The first section of Tokyo

Security code: 2768

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Scheduled date of Ordinary General Shareholders' Meeting: June 24, 2014

Scheduled filing date of financial report: June 24, 2014

Scheduled date of delivery of dividends: June 25, 2014

Supplementary materials for the financial results: Yes

Investor conference for the financial results: Yes

(Rounded down to millions of Japanese Yen)

1. Consolidated Financial Results for the Year Ended March 31, 2014 (April 1, 2013 - March 31, 2014)

(1) Consolidated Operating Results

Description of % is indicated as the change rate compared with the same period last year.

	Net sales		Operating profit		Profit before tax		Profit for the year		Profit attributable to owners of the Company		Total comprehensive income for the year	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
For the year ended												
March 31, 2014	4,046,577	2.8	23,694	(7.1)	44,033	57.0	32,083	88.8	27,250	102.6	88,487	43.3
March 31, 2013	3,934,456	(9.0)	25,493	(55.6)	28,052	(52.0)	16,993	886.7	13,448	-	61,748	-

	Basic earnings per share	Diluted earnings per share	Profit ratio to equity attributable to owners of the Company	Profit before tax ratio to total assets	Operating profit ratio to net sales
	Yen	Yen	%	%	%
For the year ended					
March 31, 2014	21.78	21.78	6.5	2.0	0.6
March 31, 2013	10.75	10.75	3.8	1.3	0.6

Reference: Share of profit (loss) of investments accounted for using the equity method for the year ended March 31, 2014: 30,979 and 2013:15,784

Note 1: Net sales above is based on JGAAP, and includes transactions where Sojitz Group took part as a transaction agent.

Note 2: Basic earnings per share and Diluted earnings per share are calculated based on Profit for the year attributable to owners of the Company.

(2) Consolidated Financial Position

	Total assets	Total equity	Total equity attributable to owners of the Company	Total equity attributable to owners of the Company ratio	Total equity per share attributable to owners of the Company
	Millions of Yen	Millions of Yen	Millions of Yen	%	Yen
As of					
March 31, 2014	2,220,236	492,959	459,853	20.7	367.58
March 31, 2013	2,150,050	411,298	382,589	17.8	305.81

(3) Consolidated Statements of Cash Flows

	Operating activities	Investing activities	Financing activities	Cash & cash equivalents at the end of the year
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
For the year ended				
March 31, 2014	46,997	(24,469)	(30,931)	420,658
March 31, 2013	55,124	(11,652)	(56,177)	424,371

2. Cash Dividends

	Cash divided per share					Total amount of cash dividends (annual)	Consolidated payout ratio	Dividend on total equity attributable to owners of the Company (consolidated)
	First quarter	Second quarter	Third quarter	Year end	Annual			
For the year ended						Millions of Yen	%	%
March 31, 2013	-	1.50	-	1.50	3.00	3,753	27.9	1.1
March 31, 2014	-	2.00	-	2.00	4.00	5,004	18.4	1.2
March 31, 2015 (forecast)	-	2.50	-	2.50	5.00		19.0	

3. Consolidated Earnings Forecast for the Year Ending March 31, 2015 (April 1, 2014 - March 31, 2015)

Description of % is indicated as the change rate compared with the same period last year.

	Net sales		Operating profit		Profit before tax		Profit attributable to owners of the Company		Basic earnings per share
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
For the Year Ending									
March 31, 2015	4,230,000	4.5	40,000	68.8	55,000	24.9	33,000	21.1	26.38
Full-year									

Note 1: Net sales above is based on JGAAP, and includes transactions where Sojitz Group took part as a transaction agent.

Note 2: Basic earnings per share is calculated based on Profit for the period attributable to owners of the Company.

4. Others

- (1) Changes in major subsidiaries during the period
(Changes in specified subsidiaries accompanying changes in scope of consolidation) : No
- (2) Changes in accounting policy, procedures or estimate method for preparing consolidated financial statements
 1. Changes due to amendment of accounting standards : Yes
 2. Changes due to other reasons : No
 3. Accounting estimate change : No

- (3) Number of outstanding shares at the end of the periods (Common Stock):
 1. Number of outstanding shares at the end of the periods (Including treasury shares):
As of March 31, 2014: 1,251,499,501 As of March 31, 2013: 1,251,499,501
 2. Number of treasury shares at the end of the periods:
As of March 31, 2014 : 467,298 As of March 31, 2013 : 417,652
 3. Average number of outstanding shares during the periods:
For the Year ended March 31, 2014(accumulative): 1,251,066,949
For the Year ended March 31, 2013(accumulative): 1,251,085,083

Note: Above treasury shares do not include shares mutually held by equity-method affiliates.

* Disclosure Regarding Auditing Procedure for Financial Statements

As of the date of disclosure of this earnings results, auditing procedures for financial statements in accordance with the Financial Instruments and Exchange Act are in the process of being implemented.

* Caution regarding forward-looking statements

This document contains forward-looking statements based on information available to the company at the time of disclosure and certain assumptions that management believes to be reasonable. Sojitz makes no assurances as to the actual results and/or other outcomes, which may differ substantially from those expressed or implied by forward-looking statements due to various factors including changes in economic conditions in key markets, both in and outside of Japan, and exchange rate movements. The Company will provide timely disclosure of any material changes, events, or other relevant issues.

1. Analysis of business results

(1) Overview of Fiscal 2013 (April 1, 2013 – March 31, 2014)

Economic Environment

In year ended March 31, 2014, there was economic slowdown in emerging countries, but conditions in the United States, Japan, and other developed countries proved relatively firm as their economies showed recovery trends.

In the United States, the tapering of the country's quantitative easing policy resulted in improved conditions in the housing market, recovery in consumer spending, and increased employment opportunities. At the same time, the shale gas revolution created a shift in the energy production mix within the United States and also stabilized energy prices. Supported by these factors, the U.S. economy showed a gradual recovery trend.

In Europe, recovery in consumer spending was delayed as a result of high unemployment rates. However, the financial market regained some stability as financial and government finance policies helped the market recover trust. Further, driven by strong conditions in Germany, European economies began experiencing positive growth. In this way, European economies displayed a gentle recovery trend.

Despite support from solid investment levels, growth rates in China slowed slightly as the repercussions of the excessive investment seen in the past and the shadow banking issues became clear.

Emerging Asian economies were impacted by the economic slowdown in China. In addition, there was a significant outflow of capital and a decline in direct investment in these countries, which led to the depreciation of currency in countries with government finances in the red on the ordinary level. This situation is creating concern for the possibility of import-driven inflation and stagnant internal demand.

In Japan, internal consumption recovered due to effects of the Bank of Japan's significant "Quantitative and Qualitative Monetary Easing" policy and government spending trends combined with the depreciation of the yen and the rise in stock prices. Together with the demand rush seen proceeding the consumption tax hike at the end of the fiscal year, this resulted in strong economic conditions.

Financial Performances

Sojitz Corporation's consolidated business results for fiscal 2013 are presented below.

Net sales (*)	Net sales increased 2.8% year on year, to ¥4,046,577 million. One factor for this increase was a rise in sales for the Consumer Lifestyle Business Division resulted from higher trading volumes for wheat and increased sales volumes of fertilizer in Southeast Asia. The Chemicals Division also recorded sales increases, which were due in part to the benefits of yen depreciation with relation to sales in Asia. These benefits counteracted the impacts of the divestment of a petroleum product sales subsidiary in the previous fiscal year that lowered sales in the Energy & Metal Division.
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Gross profit	Gross profit increased ¥10,976 million, to ¥198,221 million. This was due to profit increases in the Consumer Lifestyle Business Division, a result of higher earnings in overseas fertilizer businesses, as well as in the Machinery Division, a result of higher earnings in overseas automotive businesses.
Operating profit	Despite the increase in gross profit, operating profit decreased ¥1,799 million, to ¥23,694 million, as a result of a worsened balance of other income and expenses, which was due to the impairment of oil and gas field interests and ferroalloy interests as well as foreign exchange losses recorded in regard to an overseas automotive subsidiary.
Profit before tax	Profit before tax was up ¥15,981 million, to ¥44,033 million, due to an increase in share of profit of investments accounted for using the equity method, which effectively counteracted the decline in operating profit.
Profit for the year	Consolidated profit for the year was ¥32,083 million after deduction of ¥11,949 million in income tax expenses from the ¥44,033 million in profit before tax. Profit for the year (attributable to owners of the Company) increased ¥13,802 million year on year, to ¥27,250 million.
Comprehensive income for the year	Comprehensive income for the year was ¥88,487 million, representing a year-on-year improvement of ¥26,739 million. This was largely attributable to improvement in foreign-currency translation differences for foreign operations in the wake of the yen depreciation, in addition to growth in profit for the year. Comprehensive income for the year (attributable to owners of the Company) totaled ¥82,221 million, representing a year-on-year improvement of ¥26,050 million.

(*) Net sales above is based on JGAAP, and includes transactions where Sojitz Group took part as a transaction agent.

Results for fiscal 2013 are summarized by segment below.

Machinery

Net sales (JGAAP) increased 4.9% year on year, to ¥988,430 million, due largely to a rise in aircraft-related transactions. Regardless of the strong performance in overseas automotive businesses, the segment recorded loss for the year (attributable to owners of the Company) of ¥2,258 million, decreased ¥1,484 million year on year. This can be attributed to a worsened balance of other income and expenses, which was due to the foreign exchange losses recorded in regard to an overseas automotive subsidiary.

Energy & Metal

Net sales (JGAAP) decreased 12.5% year on year, to ¥777,084 million, largely due to divestment of a petroleum product sales subsidiary in the previous fiscal year. Despite benefits from growth in share of profit of investments accounted for using the equity method, profit for the year (attributable

to the owners of the Company) ultimately fell ¥3,450 million year on year, to ¥9,276 million. This was a result of a worsened balance of other income and expenses following the impairment of oil and gas field interests and ferroalloy interests

Chemicals

Net sales (JGAAP) grew 12.7% year on year, to ¥643,805 million, largely as a result of the benefits of yen depreciation in transactions in Asia. Profit for the year (attributable to owners of the Company) was up ¥4,756 million year on year, to ¥7,933 million.

Consumer Lifestyle Business

Net sales (JGAAP) increased 5.3% year on year, to ¥1,554,057 million, as a result of higher trading volumes for wheat and increased sales volumes of fertilizer in Southeast Asia. Profit for the year (attributable to the owners of the Company) increased ¥10,125 million, to ¥17,492 million, due to an increase in share of profit of investments accounted for using the equity method.

Other

Net sales (JGAAP) grew 45.5% year on year, to ¥83,199 million, as a result of the sale of real estate held. Profit for the year (attributable to owners of the Company) increased ¥2,743 million year on year, to ¥3,623 million.

(1) Fiscal 2014 Outlook

Current earnings forecast for fiscal 2014 are as follows.

Net sales (*)	¥4,230 billion
Operating income	¥40 billion
Profit before tax	¥55 billion
Profit for the year (Attributable to owners of the Company)	¥33 billion

(*) Net sales above is based on JGAAP, and includes transactions where Sojitz Group took part as a transaction agent.

The above forecasts assume a yen/dollar rate of ¥100/US\$ and crude oil price of US\$100/bbl (Brent).

Caution Regarding Forward-looking Statements

The forecasts appearing above constitute forward-looking statements. They are based on information available to the company at the time of disclosure and certain assumptions that management believes to be reasonable. Sojitz makes no assurances as to the actual results and/or other outcomes, which may differ substantially from those expressed or implied by forward-looking statements due to various factors including changes in economic conditions in key markets, both in and outside of Japan, and exchange rate movements. The Company will provide timely disclosure of any material changes, events, or other relevant issues.

2. Financial Position

Consolidated Balance Sheet

At March 31, 2014, consolidated assets totaled ¥2,220,236 million, a ¥70,186 million increase from March 31, 2013. This increase was due to rise in investments accounted for using the equity method following new investments and higher profits as well as an increase in trade and other receivables (under current assets) stemming from higher wheat transaction volumes. These increases offset the decline in property, plant and equipment resulted from the impairment of oil and field interests and ferroalloy interests.

Consolidated liabilities at March 31, 2014, totaled ¥1,727,277 million, a ¥11,474 million decrease from March 31, 2013.

Total equity attributable to the owners of the Company was ¥459,853 million on March 31, 2014, up ¥77,264 million from March 31, 2013. This was largely due to the accumulation of profit for the year as well as an increase in certain components of equity resulted primarily from exchange rate movements and stock price gains.

Sojitz consequently ended the fiscal year with a current ratio of 162.8%, long-term debt ratio 78.7% and an equity ratio (*) of 20.7%. Net interest-bearing debt (total interest-bearing debt less cash and cash equivalents and time deposits) totaled ¥640,256 million at March 31, 2014, a ¥3,067 million decrease from March 31, 2013. The decrease resulted in the Company's net debt equity ratio (*) equaling 1.40 times at March 31, 2014.

(*) The equity ratio and net debt equity ratio are calculated based on total equity attributable to owners of the Company.

In terms of funding, Sojitz is committed to a basic financial strategy of maintaining and enhancing the stability of its capital structure in accordance with Medium-term Management Plan 2014.

Sojitz is endeavoring to maintain a stable financial foundation by holding sufficient liquidity as a buffer against changes in the economic or financial environment and building a stable funding structure by maintaining the current long-term debt ratio.

As one source of long-term funding, Sojitz issued straight bonds in the amount of ¥10 billion in April, May, and October 2013. In addition, in April 2014, Sojitz issued bonds in the amount of ¥10 billion with a maturity period of eight years, the longest bond maturity period to date for the Company. Sojitz will continue to closely monitor interest rates and market conditions and will consider floating additional issues whenever advantageous opportunities to do so arise.

Additionally, Sojitz maintains two committed credit lines, a ¥100 billion yen line and a US\$300 million multicurrency line, as supplemental sources of precautionary liquidity.

Consolidated Cash Flows

In the year ended March 31, 2014, operating activities provided net cash flow of ¥46,997 million, investing activities used net cash of ¥24,469 million, and financing activities used net cash of ¥30,931 million. Sojitz ended the year with cash and cash equivalents of ¥420,658 million, adjusted to reflect foreign currency translation adjustments related to cash and cash equivalents.

(Cash flows from operating activities)

Operating activities during the year provided net cash of ¥46,997 million, a ¥8,127 million decrease from the previous year. Operating cash outflows included a decrease in trade and other payables, but outflows were outweighed by inflows including profit for the year and decrease in trade and other receivables.

(Cash flows from investing activities)

Investing activities during the period used net cash of ¥24,469 million, a ¥12,817 million year-on-year increase. Investment outlays included payments for acquisition of a grain collection business as well as capital expenditures related to resource interests and solar power generation businesses. These outlays exceeded investment inflows, sources of which included sales of resource interests, ships, and investment securities.

(Cash flows from financing activities)

Financing activities during the year used net cash of ¥30,931 million, a ¥25,246 million decrease from the previous year, as cash outlays to repay long-term loans and redeem bonds exceeded cash inflows from bond issuance and new borrowings.

3. Dividend Policy and Fiscal 2013-14 Dividends

In addition to paying stable dividends to shareholders on an ongoing basis, Sojitz is also committed to enhancing shareholder value and improving its competitiveness by accumulating and effectively utilizing retained earnings as a top management priority. Under its Medium-term Management Plan 2014, Sojitz has adopted a basic policy of maintaining a consolidated dividend payout ratio of around 20%.

In light of its fiscal 2013 results, the adequacy of its total equity, and funding requirements for investments in pursuit of growth, Sojitz has decided to pay a fiscal 2013 year-end dividend as follows.

(1) Type of property to be distributed as dividend

Cash

(2) Total value of dividend distribution and its allocation among shareholders

¥2.0 per share of Sojitz common stock, ¥2,502 million in total

Including the interim dividend of ¥2.0 per share on December 3, 2013, fiscal 2013 dividends will total ¥4.0 per share or ¥5,004 million in aggregate.

For fiscal 2014, Sojitz plans to pay annual common dividends of ¥5.0 per share (¥2.5 interim dividend plus ¥2.5 year-end dividend) based on its earnings forecast and comprehensive consideration of other relevant factors in accord with the aforementioned basic policy. Based on forecasted profit attributable to owners of the Company, planned fiscal 2014 dividends equate to a

projected dividend payout ratio of 19.0%.

Caution regarding Forward-looking Statements

The forecasts appearing above constitute forward-looking statements. They are based on information available to the company at the time of disclosure and certain assumptions that management believes to be reasonable. Sojitz makes no assurances as to the actual results and/or other outcomes, which may differ substantially from those expressed or implied by forward-looking statements due to various factors including changes in economic conditions in key markets, both in and outside of Japan, and exchange rate movements. The Company will provide timely disclosure of any material changes, events, or other relevant issues.

4. Business and Other Risks

1) Business Risks

As a general trading company, the Sojitz Group 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 risk, credit risk, business investment risk, and country risk), the Group conducts comprehensive risk management, measuring risks and monitoring them based on a calculation of risk assets derived from risk measurements. Although the group is maintaining its risk management required to deal with various risks, it cannot completely avoid these risks.

In specific terms, the Group faces risks such as those described below.

(1) Risk of changes in the macroeconomic environment

As a general trading company with global operations, the Group operates a wide range of businesses in Japan and overseas, including Machinery, Energy & Metals, Chemicals and Consumer Lifestyle Businesses. The Group's earnings are influenced by 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 risk associated with debt financing and portfolio investment; commodity price risk associated with purchase and sale agreements and commodity inventories incidental to operating activities; and market price risk associated with ownership of 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 commodity 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. To prevent or limit losses stemming from this currency risk, the Group hedges its foreign currency exposure with forward exchange contracts. Even with such hedging, however, there is no assurance that the Group can completely avoid currency risk. The Group's operating performance and/or financial condition could be adversely affected by unanticipated market movements. Additionally, the Group's dividend income from overseas group companies and the profits and losses of overseas consolidated subsidiaries and

equity method affiliates are largely denominated in foreign currencies. Their conversion into yen entails currency risk. The group also owns many foreign subsidiaries and operating companies. When these companies' financial statements are converted into yen terms, exchange rate movements could adversely affect the Group's operating performance and/or financial condition.

(b) Interest rate risk

The Group raises funds by borrowing from financial institutions or issuing bonds to acquire fixed assets, invest in securities, and extend credit (e.g., through trade receivables). An increase in funding costs due to a sharp rise in interest rates could adversely affect the Group's operating performance and/or financial condition through income derived from and expenses incurred on assets and liabilities on the Group's balance sheet.

(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., rule that mandates prompt liquidation of losing positions and prohibits new trades in the same trading instrument for the remainder of the fiscal year if losses, including unrealized losses, reach a predetermined 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. Although the Group periodically reviews its rationale for owning its listed equity holdings in particular, a major decline in stock market could prejudice 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 implements a system for assessing receivables. The Group 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 the customer. Through this approach, the Group is endeavoring to more rigorously ascertain credit risk and estimate provisions to allowance for doubtful accounts for individual receivables. For credit risk associated with deferred payments, loans, and credit guarantees, the Group periodically assesses whether profitability is

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

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

(4) Business investment risk

The Group invests in a wide range of businesses as one of its principal business activities. In doing so, it assumes the risk of fluctuations in the value of investments in businesses, interests and other investments. Because in many cases investments are relatively illiquid, the Group is also at risk of not recouping its investment as profitably as initially anticipated.

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

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

Once the Group has invested in a business venture, it closely monitors the business through such means as periodic reassessment of the business's prospects to minimize losses through early identification of problems. To identify problems with business investments at an early stage and minimize losses on divestiture or liquidation, the Group sets exit conditions and acts decisively to opportunistically 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 of investment returns falling short of expectations or business activities themselves turning out to be not executable as planned.

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

(5) Country risk

To minimize losses from realization of 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, with ratings of 1 through 9 being assigned based on an objective evaluation process, 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 of losses or not being able to conduct business activities as planned due to changes in political,

economic, and societal conditions in the countries in which the Group conducts business activities or countries in which the Group's customers are located. In particular, Venezuela is facing progressive inflation and the resulting installation of price controls. In addition, the country has instituted rigid systems for monitoring foreign exchange, placing limitations on issuing foreign currency and creating fluctuations in exchange rates. These changes in the regulatory environment and the country's volatile economic climate present the risk of impeding the progress of the Group's business plans in this country. In the event of such losses, the Group's operating performance and/or financial condition could be adversely affected.

(6) Fixed asset 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, machinery, transportation and other equipment, goodwill, and mining rights, as well as its leased assets. The Group uses asset impairment accounting and books necessary impairment losses at the end of the fiscal year in which the impairment occurred. However, if assets subject to asset impairment accounting decline materially in value due to a decline in their market 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 or capital markets, or a major downgrade of the Group's credit rating by a rating agency, the Group's operating performance and/or financial condition could be adversely affected by funding constraints and/or increased financing costs.

(8) Environmental risk

The Group regards environmental preservation as one of the most important management considerations. The Group has prescribed environmental policies and is proactively addressing environmental problems through such means as complying with environmental laws and regulations as well as developing an understanding of the environmental risks inherent in prospective investments and loans and development projects and instituting countermeasures for these risks. Despite such measures, the Group's business activities could adversely impact the environment or garner negative attention from environmental protection groups. 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 conducts diverse business activities subject to a broad range of laws and regulations, including corporation laws, tax laws, anti-bribery and other anti-corruption 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 (e.g., arbitration) may be initiated in Japan or overseas against the Group or certain of its assets in connection with the Group's business activities. Due to the uncertain nature of litigation and other legal proceedings, it is not possible to predict the effect that such risks might have on the Group at the current point in time. Nevertheless, such risks could have an adverse impact on the Group's operating performance and financial position.

(11) Information system and information security risk

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 (e.g., installation of redundant 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 endeavoring 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. The Group has prepared disaster response manuals, conducts disaster response drills, has established an employee safety confirmation system, and has formulated a business continuity plan, but it cannot completely avoid the risk of damage from natural disasters. The Group's operating performance and/or financial condition could be adversely affected by natural disasters.

2) Risks related to the current Medium-Term Management Plan 2014 'Change for Challenge'

As noted in "Management Policies," the Group engages in the medium-term management plan 2014, 'Change for Challenge', for fiscal 2012-14.

Despite the Group's efforts, there is no assurance that all of the medium-term management plan 2014's targets will be achieved. Initiatives directed at achieving the targets may not progress as planned or may not be as successful as anticipated.

2. Group Business Operations

Sojitz Group is engaged in a wide range of businesses on a global basis as a general trading company or sogo-shosha. Our main businesses are trading, import, and export of products, domestic and overseas manufacture and sale of a diverse array of products, provision of domestic and overseas services, planning and organizing of various projects, investment in diversified business areas, and financial activities.

The Group consists of 439 consolidated subsidiaries and equity method associates, including 318 consolidated subsidiaries and 121 equity method associates.

The following table lists our products, services, and main subsidiaries and affiliates by industry segment.

As of March 31, 2014

Segment	Main products and services	Main subsidiaries and associates (Main business; Status within consolidated group)
Machinery	Automobiles and automotive components; automobile-related equipment; construction equipment; ships; vehicles; aircraft and aerospace-related equipment; communication infrastructure equipment; equipment for electronic 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.	<ul style="list-style-type: none"> - Sojitz Machinery Corporation (Trading and sale of general industrial machinery; Subsidiary) - Sojitz Aerospace Corporation (Import, export and domestic sale of aerospace-related and defense-related equipment; Subsidiary) - Sojitz Marine & Engineering Corporation (Sale, purchase and charter brokerage, ship operation management, domestic sale and import/export of marine-related equipment and materials; Subsidiary) - Nissho Electronics Corporation (IT systems, network services; Subsidiary) - SAKURA Internet Inc. (Internet data center operator; Subsidiary) * - MMC Automotoriz, S.A (Import, assembly and sale of automobiles; Subsidiary) - Subaru Motor LLC (Import and exclusive distribution of Subaru automobiles in Russia; Subsidiary) <p style="text-align: center;">Number of consolidated subsidiaries : 94 Number of equity method associates: 30</p>
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.	<ul style="list-style-type: none"> - Sojitz Ject Corporation (Coke, carbon products, trading in various minerals; Subsidiary) - Tokyo Yuso Co., Ltd. (Stockpiling of petroleum products etc., storage, logistics; Subsidiary) - Sojitz Coal Resources Pty Ltd. (Investment in coal mines; Subsidiary) - Sojitz Moly Resources, Inc. (Investment in molybdenum mine; Subsidiary) - Sojitz Energy Venture Inc. (Oil and gas development; Subsidiary) - Metal One Corporation (Import, export, and sale of, and domestic and foreign trading in, steel-related products; Equity method associate) - LNG Japan Corporation (LNG business and related investments and loans; Equity method associate) - Coral Bay Nickel Corporation (Manufacture and sale of nickel and cobalt mixed sulfide; Equity method associate) - Japan Alumina Associates (Australia) Pty. Ltd. (Manufacture of alumina; Equity method associate) <p style="text-align: center;">Number of consolidated subsidiaries: 41 Number of equity method associates: 25</p>
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.;	<ul style="list-style-type: none"> - Sojitz Pla-Net Holdings, Inc. (Holdings company for plastics businesses; Subsidiary) - Sojitz Pla-Net Corporation (Trading and sale of plastics and related products; Subsidiary) - Pla Matels Corporation (Trading and sale of plastics and related products; Subsidiary) * - Sojitz Cosmetics Corporation (Development, product planning and sale of cosmetics; Subsidiary) - P.T. Kaltim Methanol Industri (Manufacture and sale of methanol; Subsidiary) - Metton America, Inc. (Manufacture and sales of metton resins; Subsidiary) - P.T. Moriuchi Indonesia (Manufacture of industrial fabrics; Equity method associate) <p style="text-align: center;">Number of consolidated subsidiaries: 31 Number of equity method associates: 17</p>
Consumer Lifestyle Business	Grains; flour; oils and fats; oil stuff; 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.	<ul style="list-style-type: none"> - Sojitz Building Materials Corporation (Sale of construction materials; Subsidiary) - Sojitz Foods Corporation (Sale of sugar, dairy products, farmed and marine products, processed foods, and other foodstuffs; Subsidiary) - Daiichibo Co., Ltd. (Manufacture and sale of textiles, storage distribution, shopping center management; Subsidiary) - Sojitz Infinity Inc. (Planning, manufacture, and sale of apparel; Subsidiary) - Sojitz General Merchandise Corporation (Import, export and domestic wholesale of general commodities; Subsidiary) - Sojitz Fashion Co., Ltd. (Processing and sale of fabrics; Subsidiary) - Sojitz Yoshimoto Ringyo Co., Ltd. (Sale of lumber, plywood, etc.; Subsidiary) - Thai Central Chemical Public Co., Ltd (Manufacture and sale of chemical fertilizers; sale of imported fertilizer products; Subsidiary) - Vietnam Japan Chip Vung Ang Corporation (Afforestation; manufacture and sale of wood chips; Subsidiary) - Sojitz Now Apparel Ltd. (Garment agent and trader; Subsidiary) - JALUX Inc. (Logistics and services in the in-flight, airport retail, lifestyle-related, and customer service business fields; Equity method associate) * - Fuji Nihon Seito Corporation (Manufacture, refining, processing and sale of sugar; Equity method associate) * - Yamazaki-Nabisco Co., Ltd. (Manufacture of sweets; Equity method associate) - Nissho Iwai Paper & Pulp Corporation (Sales of pulp and recycled paper as well as paper and paperboard products; Equity method associate) - Tachikawa Forest Products (N.Z.) Ltd. (Saw milling; Equity method associate) <p style="text-align: center;">Number of consolidated subsidiaries: 50 Number of equity method associates: 28</p>
Other	Administration, domestic branches, logistics and insurance services, aircraft leasing, real estate-related business (investment, dealing, leasing, management etc.), administration of commercial facilities; etc.	<ul style="list-style-type: none"> - Sojitz Kyushu Corporation (Domestic regional operating company; Subsidiary) - Sojitz Logistics Corporation (Logistic services; land, sea and air cargo handling; international non vessel operating common carrier (NVOCC) transportation; Subsidiary) - Sojitz Insurance Agency Corporation (Accident insurance and life insurance agency services; Subsidiary) - Sojitz Shared Service Corporation (Shared services and consulting regarding HR, accounting and finance; temporary staffing services; Subsidiary) - Sojitz General Property Management Corporation (Condominium and office building management, real estate agency services : Subsidiary) - Sojitz New Urban Development Corporation (Consignment sales of newly constructed sales of condominiums, real estate brokerage ; Subsidiary) - Sojitz Commerce Development Corporation (Development, construction, ownership, management, consulting of retail property; Subsidiary) - Sojitz Aircraft Leasing B. V. (Aircraft operating lease; Subsidiary) <p style="text-align: center;">Number of consolidated subsidiaries: 53 Number of equity method associates: 7</p>
Overseas	We are engaged in wide range of activities as a general trading company, trading in thousands of products overseas.	<ul style="list-style-type: none"> - Sojitz Corporation of America (Subsidiary) - Sojitz Europe plc (Subsidiary) - Sojitz Asia Pte. Ltd (Subsidiary) - Sojitz (Hong Kong) Ltd. (Subsidiary) - Sojitz (China) Co., Ltd. (Subsidiary) <p style="text-align: center;">Number of consolidated subsidiaries: 49 Number of equity method associates: 14</p>

Note : The following four companies are listed in the Japanese stock market as of March 31, 2014: JALUX Inc. (TSE 1st section), Fuji Nihon Seito Corporation (TSE 2nd section), SAKURA Internet Inc. (Mothers), and Pla Matels Corporation (JASDAQ).

3. Management Policies

(1) Fundamental Policy

Sojitz Group is committed to raising corporate value while acting in accordance with the philosophy embodied in the Sojitz Group Statement described below.

Sojitz Group Statement

The Sojitz Group creates value and prosperity by connecting the world with a spirit of integrity.

Sojitz Group Slogan

New way, New value

(2) Medium- to Long-term Business Strategy and Prospective Challenges

Under its three-year management plan launched in April 2012 and entitled Medium-Term Management Plan 2014: Change for Challenge, the Group aims to increase its corporate value based on the theme "implementing reforms in pursuit of growth initiatives."

Implement reforms in pursuit of growth initiatives

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



Enhance the financial foundation through the accumulation of shareholders' equity



Improving corporate value and pursuing greater achievements

(3) Targeted Performance Indicators

The targeted performance indicators in Medium-term Management Plan 2014: 'Change for Challenge' are as follows:

Performance indicator	Target
Net D/E ratio	2.0 times or lower
ROA	2% or higher
Dividend payout ratio	approximately 20%

(4) Progress of the Medium-term Management Plan and issues to be addressed

As we work to accomplish the quantitative goals of Medium-term Management Plan 2014 – Change for Challenge, a crucial task will be raising asset quality and efficiency. Going forward, Sojitz will continue to invest in future growth. At the same time, we will replace businesses and assets that no longer present a sufficient reason for their holding as well as businesses and assets that lack a strong connection with other existing businesses. In this manner, the Company will build a higher quality asset portfolio, and progressively strengthen earnings capacity.

In the year ended March 31, 2014, the Company downsized its asset portfolio to the extent of ¥49.0 billion through the sale of real estate holdings and other means. Our total for asset reduction over the past two years is generally in line with the target amount described in the medium-term management plan for the plan's three-year period. Also in the year under review, we conducted investment and loan totaling ¥54.0 billion to fuel future growth. The targets of this investment included a grain collection business as well as solar power generation businesses. In the year ending March 31, 2015, the final year of the medium-term management plan, we plan to accelerate investment and loan, with our main focus being non-resource fields such as foodstuffs and overseas infrastructure projects.

In terms of organizational structures, the Company aims to facilitate the construction of a high-quality asset portfolio through expedited management decisions while also strengthening the operating foundations of business divisions. To this end, a controller office was established in the Energy & Metal Division during the year ended March 31, 2013. Further expanding upon this initiative, controller offices were established in the Machinery Division, Chemicals Division, and Consumer Lifestyle Business Division in the year ended March 31, 2014, meaning that all business divisions were equipped with such an office. This organizational structure is anticipated to contribute to increased responsiveness to operating environment changes and improved ability to manage risks, thereby helping cement the earnings foundations needed for future growth.

The year ending March 31, 2015, will be the final year of Medium-term Management Plan 2014 – Change for Challenge. Forecasts currently project that earnings will fall below the targets this plan initially laid out for its final year. Nevertheless, we will steadily implement growth-oriented initiatives to ensure that we can achieve the figures currently forecast for this year, and then accomplish the plan's initial goals at the soonest date possible.

Caution regarding Forward-looking Statements

The forecasts appearing above constitute forward-looking statements. They are based on information available to the company at the time of disclosure and certain assumptions that management believes to be reasonable. Sojitz makes no assurances as to the actual results and/or other outcomes, which may differ substantially from those expressed or implied by forward-looking statements due to various factors including changes in economic conditions in key markets, both in and outside of Japan, and exchange rate movements. The Company will provide timely disclosure of any material changes, events, or other relevant issues.

4. Consolidated Financial Statements

(1) Consolidated Statements of Financial Position

(In Millions of Yen)

	FY 2012 (As of March 31, 2013)	FY 2013 (As of March 31, 2014)
Assets		
Current assets		
Cash and cash equivalent	424,371	420,658
Time deposits	9,313	4,362
Trade and other receivables	508,690	524,826
Derivatives	4,100	5,185
Inventories	297,389	301,979
Income tax receivables	4,778	4,907
Other current assets	41,231	46,759
Subtotal	1,289,875	1,308,680
Assets as held for sale	1,303	13,143
Total current assets	1,291,178	1,321,824
Non-current assets		
Property, plant and equipment	231,840	213,934
Goodwill	45,725	46,264
Intangible assets	63,207	60,958
Investment property	40,055	25,334
Investments accounted for using the equity method	279,815	336,761
Trade and other receivables	62,963	60,310
Other investments	114,596	133,625
Derivatives	229	209
Other non-current assets	10,976	9,683
Deferred tax assets	9,461	11,329
Total non-current assets	858,871	898,411
Total assets	2,150,050	2,220,236
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	515,989	514,585
Bonds and borrowings	258,375	227,216
Derivatives	15,952	6,400
Income tax payables	7,038	8,038
Provisions	1,419	1,207
Other current liabilities	50,150	54,402
Total current liabilities	848,926	811,850
Non-current liabilities		
Bonds and borrowings	818,632	838,060
Trade and other payables	9,816	10,463
Derivatives	1,884	1,721
Retirement benefits liabilities	16,158	16,917
Provisions	18,892	20,798
Other non-current liabilities	7,313	7,321
Deferred tax liabilities	17,127	20,143
Total non-current liabilities	889,824	915,426
Total liabilities	1,738,751	1,727,277
Equity		
Share capital	160,339	160,339
Capital surplus	146,518	146,515
Treasury stock	(148)	(157)
Other components of equity	62,826	119,617
Retained earnings	13,053	33,538
Total equity attributable to owners of the Company	382,589	459,853
Non-controlling interests	28,709	33,105
Total equity	411,298	492,959
Total liabilities and equity	2,150,050	2,220,236

(2) Consolidated Statements of Profit or Loss

(In millions of Yen)

	FY 2012 (From April 1, 2012 to March 31, 2013)	FY 2013 (From April 1, 2013 to March 31, 2014)
Revenue		
Sale of goods	1,659,233	1,714,176
Sales of service and others	88,517	88,928
Total revenue	1,747,750	1,803,104
Cost of sales	(1,560,504)	(1,604,882)
Gross profit	187,245	198,221
Selling, general and administrative expenses	(151,091)	(151,628)
Other income(expenses)		
Gain(loss) on sale and disposal of fixed assets, net	2,209	6,132
Impairment loss on fixed assets	(11,549)	(19,461)
Gain on sale of subsidiaries/associates	2,138	1,666
Loss on reorganization of subsidiaries/associates	(3,525)	(2,684)
Other operating income	10,702	10,429
Other operating expenses	(10,636)	(18,980)
Total other income/expenses	(10,660)	(22,898)
Operating profit	25,493	23,694
Financial income		
Interests earned	4,984	5,359
Dividends received	2,761	3,810
Other financial income	276	43
Total financial income	8,022	9,213
Financial costs		
Interest expenses	(21,247)	(19,855)
Total financial cost	(21,247)	(19,855)
Share of profit(loss) of investments accounted for using the equity method	15,784	30,979
Profit before tax	28,052	44,033
Income tax expenses	(11,058)	(11,949)
Profit for the year	16,993	32,083
Profit attributable to:		
Owners of the Company	13,448	27,250
Non-controlling interests	3,544	4,833
Total	16,993	32,083
Net sales *	3,934,456	4,046,577

* Net sales above is based on JGAAP, and includes transactions where Sojitz Group took part as an transaction agent.

(3) Consolidated Statements of Profit or Loss and other Comprehensive Income

(In millions of Yen)

	FY 2012 (From April 1, 2012 to March 31, 2013)	FY 2013 (From April 1, 2013 to March 31, 2014)
Profit for the year	16,993	32,083
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	11,172	15,065
Remeasurements of defined benefit pension plans	(398)	(425)
Total items that will not be reclassified to profit or loss	10,774	14,639
Items that may be reclassified subsequently to profit or loss		
Foreign currency translation differences for foreign operations	34,509	40,578
Cash flow hedges	(528)	1,184
Total items that may be reclassified subsequently to profit or loss	33,980	41,763
Other comprehensive income for the year, net of tax	44,754	56,403
Total comprehensive income for the year	61,748	88,487
Total comprehensive income attributable to:		
Owners of the Company	56,171	82,221
Non-controlling interests	5,576	6,265
Total	61,748	88,487

(4) Consolidated Statements of Change in Equity

(In millions of Yen)

	Attributable to owners of the Company										Non-controlling interests	Total equity
	Share capital	Capital surplus	Treasury stock	Other components of equity					Retained earnings	Total equity attributable to owners of the Company		
				Foreign currency translation differences for foreign operations	Financial assets measured at fair value through other comprehensive income	Cash flow hedge	Remeasurements of defined benefit pension plans	Total other components of equity				
Balance as of April 1, 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		(0)	(0)							(1)		(1)
Dividends									(3,753)	(3,753)	(1,659)	(5,412)
Change in ownership interests in subsidiaries without loss/acquisition									(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
Profit for the year									27,250	27,250	4,833	32,083
Other comprehensive income				39,335	14,954	1,100	(418)	54,971		54,971	1,432	56,403
Total comprehensive income for the year	—	—	—	39,335	14,954	1,100	(418)	54,971	27,250	82,221	6,265	88,487
Purchase of treasury stock		(2)	(9)							(11)		(11)
Dividends									(4,378)	(4,378)	(1,805)	(6,184)
Change in ownership interests in subsidiaries without loss/acquisition									2	2	(25)	(23)
Reclassification from other components of equity to retained earnings					1,400		418	1,819	(1,819)	—		—
Other changes									(569)	(569)	(38)	(607)
Total contributions by and distributions to owners of the Company	—	(2)	(9)	—	1,400	—	418	1,819	(6,765)	(4,957)	(1,869)	(6,827)
Balance as of March 31, 2014	160,339	146,515	(157)	59,373	60,687	(443)	—	119,617	33,538	459,853	33,105	492,959

(Change in accounting policies as mandated by IFRS)

Effective from fiscal 2013, the Company mandatorily adopted the following accounting standards and interpretations.

IFRSs	Title	Summaries of new IFRSs/amendments
IFRS 7	Financial Instruments: Disclosure	Disclosures regarding offsets of financial assets and financial liabilities
IFRS 10	Consolidated Financial Statements	Regulations of control as single basis for consolidation (Replacement for IAS 27 and SIC 12)
IFRS 11	Joint Control Arrangements	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	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	Establishment of framework for fair value measurements and disclosure requirements regarding fair value
IAS 19	Employee Benefits	Recognition of actuarial differences and past service costs, and presentation and disclosure of post-employment benefits
IAS 28	Investments in Associates and Joint Ventures	Amendments based on public disclosure of IFRSs 10, 11 and 12
IFRIC 20	Stripping Costs in the Production Phase of Surface Mine	Accounting for stripping costs in the production phase of a surface mine

The Company has adopted the above accounting standards and interpretations in compliance with their transitions.

As a result of adoption of IFRS 11, "Joint Control Arrangements," property, plant and equipment increased by ¥8,644 million on the Company's March 31, 2013, consolidated statements of financial position and by ¥8,780million on its March 31, 2014, consolidated statements of financial position, while intangible assets decreased by ¥8,644 million on its March 31, 2013, consolidated statements of financial position and by ¥8,780 million on its March 31, 2014, consolidated statements of financial position.

As a result of adoption of IFRIC 20, "Stripping Costs in the Production Phase of a Surface Mine," inventories and intangible assets increased by ¥5,540 million on the Company's March 31, 2013, consolidated statements of financial position and by ¥7,476 million on its March 31, 2014, consolidated statements of financial position, while other current assets decreased by ¥5,540 million on its March 31, 2013, consolidated statements of financial position and by ¥7,476 million on its March 31, 2014, consolidated statements of financial position

Adoption of the other accounting standards and interpretations had no material effect on the Group.

(8) Segment information

Information regarding reportable segments

The accounting method for the reported business segments are basically consistent with those used in the Consolidated Financial Statements, except with respect to the calculation of income tax expenses.

Transactions between segments are determined at market price or at arms length price.

For the year ended March 31, 2013 (April 1, 2012 – March 31, 2013)

(In millions of yen)

	Reportable segments					Others	Reconciliations	Consolidated
	Machinery	Energy & Metal	Chemicals	Consumer Lifestyle Business	Total			
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
Others:								
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 from valuation 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
Others:								
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
Net sales (Note)								
External	941,956	888,093	571,345	1,475,868	3,877,263	57,193	—	3,934,456

Segment profit (loss) is reconciled based on the profit (attributable to owner of the Company) for the year under the consolidated statements of profit or loss.

Reconciliation of segment loss of (9,929) 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 (10,235) million yen, and unallocated dividend income and others of 306 million yen.

The reconciliation amount of segment assets of 233,261 million yen includes elimination of inter-segment transactions or the like amounting to (70,539) million yen, and all of the Companies' assets that were not allocated to each segment, amounting to 303,800 million yen, which 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.

For the year ended March 31, 2014 (April 1, 2013 – March 31, 2014)

(In millions of yen)

	Reportable segments					Others	Reconciliations	Consolidated
	Machinery	Energy & Metal	Chemicals	Consumer Lifestyle Business	Total			
Revenue								
External revenue	354,340	468,316	383,356	516,927	1,722,941	80,163	—	1,803,104
Inter-segment revenue	1,598	—	8	3	1,611	405	(2,016)	—
Total revenue	355,939	468,316	383,364	516,931	1,724,552	80,568	(2,016)	1,803,104
Segment profit (loss)	(2,258)	9,276	7,933	17,492	32,443	3,623	(8,816)	27,250
Others:								
Interest income	1,050	1,816	414	867	4,148	2,134	(923)	5,359
Interest expenses	(6,248)	(8,020)	(3,412)	(4,718)	(22,399)	1,621	923	(19,855)
Depreciation and amortization	(7,887)	(18,391)	(2,547)	(2,967)	(31,794)	(4,306)	—	(36,100)
Gain (loss) on sale of fixed assets, net	981	5,267	(12)	(37)	6,198	(65)	—	6,132
Impairment loss on fixed assets	(56)	(18,248)	—	(62)	(18,368)	(1,093)	—	(19,461)
Gain on sale of subsidiaries/associates	1,300	51	314	—	1,666	—	—	1,666
Loss from valuation of subsidiaries/associates	(1,620)	(1)	(190)	(317)	(2,129)	(558)	2	(2,684)
Share of profit (loss) of investments accounted for using the equity method	3,395	16,224	599	10,427	30,646	332	—	30,979
Income tax expenses	(3,434)	9,556	(3,627)	(3,458)	(963)	(1,791)	(9,193)	(11,949)
Segment assets	420,472	590,783	280,271	478,435	1,769,963	235,008	215,263	2,220,236
Others:								
Investment accounted for using the equity method	25,653	250,408	11,846	45,444	333,352	3,481	(72)	336,761
Capital expenditure	8,708	11,374	903	4,464	25,451	2,409	—	27,861
Net sales (Note)								
External	988,430	777,084	643,805	1,554,057	3,963,377	83,199	—	4,046,577

(Earnings losses per share)

(1) Basic earnings per share and diluted earnings per share

	FY 2012 (From April 1, 2012 to March 31, 2013)	FY 2013 (From April 1, 2013 to March 31, 2014)
Basic earnings per share (yen)	10.75	21.78
Diluted earnings per share (yen)	10.75	21.78

(2) Bases for calculation of basic earnings per share and diluted earnings per share

	FY 2012 (From April 1, 2012 to March 31, 2013)	FY 2013 (From April 1, 2013 to March 31, 2014)
Profit used to calculate basic and diluted earnings per share		
Profit for the year, attributable to owners of the Company (In millions of yen)	13,448	27,250
Amount not attributable to the ordinary shareholders of the Company (In millions of yen)	—	—
Profit used to calculate basic earnings per share (In millions of yen)	13,448	27,250
Profit adjustment amount		
Adjustment amount concerning share options to be issued by associates (In millions of yen)	(2)	(1)
Profit used to calculate diluted earnings per share (In millions of yen)	13,445	27,249
Weighted average number of ordinary shares to be used to calculate basic and diluted earnings per share		
Weighted average number of ordinary shares to be used to calculate basic earnings per share (In thousands of shares)	1,251,085	1,251,066
Effects of dilutive latent ordinary shares (In thousands of shares)	—	—
Weighted average number of ordinary shares used to calculate diluted earnings per share (In thousands of shares)	1,251,085	1,251,066

Segment profit (loss) is reconciled based on the profit (attributable to owner of the Company) for the year under the consolidated statements of profit or loss.

Reconciliation of segment loss of (8,816) 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 (9,193) million yen, and unallocated dividend income and others of 377 million yen.

The reconciliation amount of segment assets of 215,263 million yen includes elimination of inter-segment transactions or the like amounting to (55,347) million yen, and all of the Companies' assets that were not allocated to each segment, amounting to 270,610 million yen, which 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.

Note: Net sales above is based on JGAAP, and includes transactions where Sojitz Group took part as a transaction agent.

(Subsequent Events)

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

Details are as follows.

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