

JFTC News

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Japan Foreign Trade Council, Inc.

World Trade Center Bldg. 6th Floor,
4-1, Hamamatsu-cho 2-chome,
Minato-ku, Tokyo 105-6106, Japan
Tel. (03) 3435-5960 Fax. (03) 3435-5979
URL. <http://www.jftc.or.jp/>

Revised Forecasts for Japan's Trade Balance and Current Account in Fiscal 2006

Japan Foreign Trade Council, Inc. (Chairman Mikio Sasaki) on June 9 released a revised forecast for Japan's trade balance and current accounts in fiscal 2006.

The Trade Trend Research Committee of JFTC has been working on projections of trade balance and current account twice a year since 1974. The committee revised the earlier projection for FY2006 made in December 2005 taking account of the latest changes in economic environment.

One of the most unique features of JFTC forecast is a methodology employed for the forecast for trade balance and international balance of payment. The forecast was conducted by compiling trade projections of major categories of commodities which were analyzed and gathered by hearings from industry specialists.

I. Outline

1. Forecast for Japan's Trade Balance (Customs-Cleared Basis)

Exports: To Increase Steadily Supported by Simultaneous Growth of Global Economy

JFTC estimates that the total value of exports from Japan will increase steadily in fiscal 2006, going up 7.0% from the previous fiscal year to ¥73.1 trillion.

In terms of volume, they will rise 5.1% owing to favorable economic conditions worldwide and the fact that the yen rate is kept low being nearly at the same level as it was 20 years ago in real terms.

Despite greater added value, however, the prices of export items will decline a slight 1.8% – slower than fiscal 2005's 6.3% – with the mild appreciation of the yen against the U.S. dollar acting as a price-deflating factor (50% of exports from Japan are settled by the U.S. dollar).

By commodity, growth is expected for machinery – 1) General Machinery such as computer parts and components, Prime Movers (automobile engines) and

Metal Working Machines, 2) Electrical Machinery such as semiconductors and other electronic parts/components, electrical measuring instruments (semiconductor inspecting machines) and audio and visual equipment parts/components (liquid crystal panels and other parts/components for overseas local production) and 3) Transport Equipment such as automobiles and auto parts/components.

Exports of Manufactured Goods, such as nonferrous metals, and chemical products will also be brisk.

Imports: To Expand Thanks to Growth in Domestic Demand and High Hovering International Commodity Market

According to JFTC, the total value of shipments that Japan will import in fiscal 2006 will improve a favorable 7.1% from a year earlier to reach ¥64,767 billion.

The rate of growth, however, will be much lower than the 19.1% registered in the previous fiscal year.

In terms of volume, imports will gain 4.5% against the background of robust domestic demand.

The prices of import products will rise 2.5% – much lower than the 15.9% marked in fiscal 2005 – as the rate of growth in international commodity market will be slower than a year earlier and the yen will become slightly stronger against the U.S. dollar (70% of imports to Japan are settled in the U.S. dollar).

By item, robust will be Manufactured Goods (e.g. nonferrous metals), Electrical Machinery (semiconductors /other electronic parts/components and audio/visual equipment), General Machinery (computer parts/components and metal working machines) and Raw Materials (iron ore and nonferrous metal ores).

Imports of Mineral Fuels (crude oil and petroleum products), which contributed to more than 50% of growth in imports in fiscal 2005, will increase a minute 1.6% resulting from slower rises in crude oil prices.

2. Forecast for Japan's Current Account (IMF-Basis)

Current Account: Surplus to Exceed ¥20 Trillion Mark for the First Time Driven by Both Trade and Investment as Two Pillars

It is projected by JFTC that Japan will enjoy a surplus in current account of ¥20,726 billion in fiscal 2006,

surpassing its previous record for the fourth consecutive year. It should be noted that the investment income-balance surplus will exceed the trade-balance surplus for the second consecutive year. The structure of Japan's balance of payments, which was once based mainly upon a surplus in trade, changing into one under which profits are earned from both trade and investment, indicates that Japan is turning into a dynamic "immature creditor" state.

II. Tables of Summary Data

1. Trade on Customs-Cleared Basis

Item	FY2005 Results (final)		Revised Forecast for FY2006		Original Forecast for FY2006 (Dec. 5, 2005)	
	(Hundred million yen)	(Year-on-year up/down growth rate)	(Hundred million yen)	(Year-on-year up/down growth rate)	(Hundred million yen)	(Year-on-year up/down growth rate)
Trade Balance	78,855	▲ 34,482	84,240	+ 5,385	100,900	+ 21,280
Exports	682,963	(10.7%)	731,000	(7.0%)	695,860	(5.5%)
Quantum Index Unit Value		3.9% 6.3%		5.1% 1.8%		3.7% 1.7%
Imports	604,108	(19.9%)	646,760	(7.1%)	594,960	(2.5%)
Quantum Index Unit Value		3.4% 15.9%		4.5% 2.5%		2.7% ▲ 0.2%

2. Balance of Payment Basis

Item	FY2005 Results (final)		Revised Forecast for FY2006		Original Forecast for FY2006 (Dec. 5, 2005)	
	(Hundred million yen)	(Year-on-year up/down growth rate)	(Hundred million yen)	(Year-on-year up/down growth rate)	(Hundred million yen)	(Year-on-year up/down growth rate)
Goods and Services	72,232	▲ 23,393	80,800	+ 8,568	90,870	+ 20,310
Trade Balance	95,888	▲ 35,683	102,040	+ 6,152	123,780	+ 20,960
Exports	651,762	(10.8%)	697,460	(7.0%)	663,290	(5.5%)
Imports	555,874	(21.7%)	595,420	(7.1%)	539,510	(2.5%)
Services	▲ 23,656	+ 12,291	▲ 21,240	+ 2,416	▲ 32,910	▲ 650
Investment Income	125,634	+ 29,193	135,540	+ 9,906	119,420	+ 5,690
Current Transfers	▲ 8,653	+ 1,316	▲ 9,080	▲ 427	▲ 9,520	▲ 380
Current Account	189,213	+ 7,116	207,260	+ 18,047	200,770	+ 25,620

3. Assumptions

Item	FY2005 Results	Revised Forecast for FY2006	Original Forecast for FY2006 (Dec. 5, 2005)
Global Trade (C.Y.)	7.2 %	7.6 %	7.5 %
Global Economy (real growth rate/C.Y.)	4.8 %	4.7 %	4.3 %
U.S. Economy (real growth rate/C.Y.)	3.5 %	3.3 %	3.2 %
EU Economy (real growth rate/C.Y.)	1.8 %	2.2 %	1.9 %
Asian Economy (real growth rate/C.Y.)	8.1 %	7.8 %	7.0 %
Japanese Economy (nominal growth rate)	3.0 %	2.8 %	1.9 %
Yen Exchange Rate (against dollar)	113.3 yen	109.0 yen	110.0 yen
At-arrival Crude Oil Price (dollar/barrel)	55.8 dollars	60.0 dollars	52.0 dollars

Note 1: Data on world trade/economy in fiscal 2005 are taken from the April 2006 edition of "World Economic Outlook." Those on Asian economy have, however, been adjusted to a 29-country/region basis as defined by the IMF (25 developing countries/regions in Asia and four NIEs).

Note 2: Growth rates contained in the original forecasts for fiscal 2006 are compared to those of fiscal 2005 announced on December 5, 2005.

III. Forecast for Trade by Commodity

1. Exports

It is expected by JFTC that exports from Japan will increase steadily in fiscal 2006 thanks to, among other factors, 1) growth of world economy, 2) real yen rate is kept low being nearly at the same level vis-a-vis the U.S. dollar as 20 years ago and 3) the enhancement of the

competitiveness of Japanese enterprises that manufacture high value-added products via ceaseless technological innovations.

In respect to General Machinery, growth of exports will be registered for 1) Computer parts/components and prime movers (auto engines) due to the progress of Japanese firms' overseas local production, 2) Metal working machines as well as pumps and centrifugal separators for robust infrastructure developments and other aggressive capital investment projects in the NIEs, 3) Construction and mining machinery due to increase in investments in development projects buoyed by rises in material prices.

Increases in exports of Electrical Machinery will be represented by 1) Semiconductors/other electronic parts/components, which are anticipated to gain, chiefly on growth in demand for digital home appliances (e.g. flash memory portable digital music players), the release of a new computer operating system by Microsoft Corp. in early 2007 and the advancement of car electronics. 2) Audio/visual equipment parts/components are also foreseen to climb, with contributing factors including the progress of overseas local production by Japanese firms and greater demand worldwide for flat screen TVs. 3) Massive investments in the expansion of production by overseas semiconductor manufacturers are believed to help Japan export more electrical measuring instruments (semiconductor inspecting machines).

As regards Transport Equipment, exports of automobiles in terms of quantity are prospected to increase constantly owing to universal increases in demand for Japanese cars, which are more efficient in terms of fuel consumption, at a time when oil prices are surging. However, the prices of export cars bound for North America, which account for 40% of the total, will go down slightly resulting from the appreciation of the yen against the U.S. dollar. The total value of automobiles exported from Japan will, therefore, improve only minutely. Exports of auto parts/components will continue to be substantial owing to the development of overseas local production.

Concerning exports of Manufactured Goods, nonferrous metals will soar against the background of increases in the market prices of copper, aluminum and other items. Rubber tire tubes will also remain robust as car sales are growing around the world. Although exports of steel sheets for automobiles and other high-grade steel materials will be bullish, those of general-purpose steel materials will decline resulting from pressure of rises in supply capacity in China. As a result, exports of steel in general will suffer a year-on-year decrease.

Exports of Chemical Products are estimated to be slower in terms of the rate of growth than a year earlier on account of the robustness of domestic demand and declines in excess supply capacity of domestic ethylene

plants due to regular maintenance. However, due to increases in crude oil and other raw material prices as well as massive demand in Asia, the total value of exports of Chemical Products will increase steadily.

2. Imports

JFTC anticipates that imports to Japan will continue to expand steadily in fiscal 2006 thanks to 1) strong domestic demand, 2) further progress of international division of labor mainly in Asia and 3) the hovering of international commodity market at high levels.

Concerning imports of Manufactured Goods, nonferrous metals will surge due to increase in the prices of aluminum, white gold (e.g. platinum and palladium) and others. Steel will also grow considerably thanks to strong domestic demand and the completion of inventory adjustments at port quays.

Regarding Electrical Machinery, imports of semiconductors/other electronic parts/components will be brisk resulting from improvements in demand for home digital appliances and the introduction of new types of cellular phones with new functions, such as one-segment TV broadcasting. Also robust will be those of audio/visual equipment (including parts/components), primarily from Japanese firms' overseas manufacturing facilities in other countries and regions of Asia.

Imports of Raw Materials will register double-digit growth due to bullishness of market prices for iron ore and nonferrous metal ores.

Imports of General Machinery will increase constantly against the backdrop of strong demand in Japan for capital investment, particularly metal working machines, prime movers and computers (including parts/components).

Imports of Chemical Products will grow in volume owing to robust domestic demand. Rises in raw material prices and the tightening of the demand/supply balance in Asia will increase prices of chemical products; consequently, the total value of Chemical Products imported to Japan will continue to increase briskly.

Mineral Fuels were responsible for some 50% of growth in total imports to Japan in fiscal 2005. However, the growth in imports of crude oil, petroleum products and LNG will slow in 2006 notably because of slowdowns in rises in crude oil prices. Imports of coal will fall due to declines in the prices. Imports of Mineral Fuels, as a whole, will improve slightly from a year earlier.

In respect to Foodstuffs, imports of tuna will decrease as higher crude oil prices will have negative impacts on catches. The growth rate of imports of meat and poultry will slow down in 2006 against the background of inventory adjustments for chicken.

IV. Forecast for Current Account

JFTC estimates Japan will enjoy a surplus in trade balance of ¥10,204 billion in fiscal 2006, an improvement of ¥615.2 billion from fiscal 2005, registering a growth again after two years.

Japan will suffer deficit of ¥2,124 billion in service balance; however, it will be smaller from a year earlier by ¥241.6 billion, achieving an improvement for the second consecutive year. Factors behind the reduced deficit in service-balance will include 1) growth in royalty and license fee receipts from the advancement of overseas local production and the briskness of sales in other countries/regions, 2) increases in earnings from tourism services on an increase in the number of visitors from abroad thanks partly to the "Visit Japan Campaign" and 3) improvements in revenues from transportation services due in part to the expansion of cross-trade services (e.g. those from other countries/regions of Asia

to Europe).

As regards investment income balance, Japan will mark growth in surplus for the fourth consecutive year, making ¥13,554 billion, an increase of ¥990.6 billion from the previous fiscal year. Positive impacts will be made by 1) increases in net external assets caused by the accumulation of current-account surpluses, 2) growth in business earnings at Japanese companies' overseas affiliates owing to the briskness of the global economy and 3) rises in overseas interest rates.

In terms of current transfers, Japan will report a deficit of ¥908 billion, a slight increase by ¥42.7 billion due to a growth in remittances to overseas workers.

As a consequence, Japan will register a surplus of ¥20,726 billion in current account, an increase of ¥1,804.7 billion, exceeding its previous record for the fourth consecutive year.

1. Exports

(hundred million yen)

Commodity	FY2005 Results		FY2006 Revised Forecast	
	Value	% Change	Value	% Change
Grand Total	682,963	+ 10.7%	↑ 731,000	+ 7.0%
Foodstuff	3,276	+ 13.9%	↑ 3,702	+ 13.0%
Raw Materials	7,848	+ 22.4%	↑ 9,331	+ 18.9%
Mineral Fuels	5,334	+131.3%	↑ 5,600	+ 5.0%
Chemicals	61,279	+ 14.9%	↑ 67,040	+ 9.4%
Manufactured Goods	76,978	+ 14.4%	↑ 82,802	+ 7.6%
Iron & Steel Products	31,289	+ 17.1%	↓ 30,337	▲ 3.0%
Non-Ferrous Metals	8,825	+ 27.6%	↑ 12,662	+ 43.5%
Textile yarn, fabrics, make up articles and related products	7,572	+ 0.1%	➡ 7,573	+ 0.0%
Non-metallic Manufactures	7,961	+ 15.9%	↑ 8,770	+ 10.2%
Machinery other than Electric	137,398	+ 7.3%	↑ 149,076	+ 8.5%
Computers & Units	7,950	▲ 9.8%	↓ 6,923	▲ 12.9%
Parts of Computer	16,939	+ 5.0%	↑ 18,000	+ 6.3%
Electrical Machinery	150,212	+ 5.4%	↑ 159,976	+ 6.5%
Thermionic. etc., valves, tubes, transistors, etc.	45,301	+ 3.7%	↑ 49,151	+ 8.5%
Telecommunications apparatus	5,025	▲ 8.6%	↓ 4,875	▲ 3.0%
Transport Equipment	160,249	+ 13.0%	↑ 167,781	+ 4.7%
Motor Vehicles	105,018	+ 12.9%	➡ 108,064	+ 2.9%
Parts of Motor Vehicles	29,083	+ 13.0%	↑ 31,200	+ 7.3%
Vessels	13,856	+ 13.6%	↑ 14,667	+ 5.8%
Others	80,388	+ 10.7%	↑ 85,692	+ 6.6%
Scientific & Optical Equipment	24,961	▲ 1.4%	↑ 25,398	+ 1.8%

* Values are rounded up/off to the nearest hundred million yen; year-on-year comparisons are based on figures rounded to the nearest millions.

* (↑) indicates an improvement from a year earlier; (↓), a decrease; (➡), a leveling off (an improvement or a decrease of less than 1%).

V. Forecasts for Economic Circumstances

1. Global Economy

The global economy has entered a phase of simultaneous expansions, with the U.S. economy expanding steadily, the economies of China and other emerging powers continuing to grow rapidly, the Japanese economy witnessing domestic demand-based self-sustaining economic growth, and the EU economy recovering mildly.

JFTC projects, as such, that the world's real GDP will achieve a year-on-year improvement of 4.7% in fiscal 2006, exceeding the average growth rate of the previous 10 years, 4.0%.

In the U.S., improvements in employment and income will lead to greater personal spending, while increases in corporate earnings and manufacturers' operating rates will contribute to more capital investment projects. The

U.S. economy will expand 3.3%, as high as its potential growth rate.

In the EU, exports will increase due mainly to the growth of overseas economies and the depreciation of the euro, which continued until early 2006, while capital investments will rise owing to brisk corporate earnings. The EU economy will enter a stage of moderate recovery, recording growth of 2.2%.

As regards the Asian economy, China's high rate of growth will continue, led by investment and exports. Growth in demand worldwide for IT products and digital home appliances as well as improvements in exports to China will encourage the NIEs and the ASEAN to enjoy strong economic trends. The Asian economy will grow a notable 7.8%.

2. Japanese Economy

As the Japanese economy has overcome the issues of excess indebtedness, excessive production capacity and overemployment, it has entered a phase of self-

2. Imports

(hundred million yen)

Commodity	FY2005 Results		FY2006 Revised Forecast	
Grand Total	604,108	+ 19.9%	↑ 646,760	+ 7.1%
Food Stuff	56,510	+ 6.0%	↑ 57,676	+ 2.1%
Fish & Shellfish	15,580	+ 0.9%	↓ 15,381	▲ 1.3%
Meat	10,790	+ 5.7%	↑ 11,019	+ 2.1%
Raw Materials	37,279	+ 18.6%	↑ 43,981	+ 18.0%
Iron Ore	6,875	+ 55.7%	↑ 7,883	+ 14.7%
Non-Ferrous Metals Ore	10,767	+ 36.3%	↑ 14,656	+ 36.1%
Mineral Fuels	163,021	+ 45.3%	↑ 165,629	+ 1.6%
Petroleum, Crude and partly refined	99,883	+ 57.0%	↑ 101,980	+ 2.1%
Petroleum Products	16,404	+ 31.3%	↑ 17,260	+ 5.2%
LNG	21,631	+ 25.3%	↑ 23,592	+ 9.1%
LPG	8,208	+ 39.8%	↓ 8,112	▲ 1.2%
Coal	16,224	+ 35.6%	↓ 13,905	▲ 14.3%
Chemicals	44,678	+ 14.1%	↑ 47,932	+ 7.3%
Manufactured Goods	55,970	+ 11.0%	↑ 63,526	+ 13.5%
Iron & Steel Products	7,590	+ 10.6%	↑ 7,969	+ 5.0%
Non-Ferrous Metals	15,715	+ 14.3%	↑ 19,803	+ 26.0%
Textile yarn, fabrics, make up articles and related products	6,585	+ 8.7%	↑ 7,048	+ 7.0%
Non-metallic Mineral Manufactures	6,685	+ 11.2%	↑ 6,823	+ 2.1%
Machinery other than Electric	58,912	+ 12.2%	↑ 63,979	+ 8.6%
Computers & Units	21,380	+ 10.8%	↑ 23,446	+ 9.7%
Electrical Machinery	78,170	+ 13.5%	↑ 85,206	+ 9.0%
Thermionic, etc., valves, tubes, Photocells, transistors, etc.	25,475	+ 13.9%	↑ 28,022	+ 10.0%
Transport Equipments	21,681	+ 13.7%	➡ 21,541	▲ 0.6%
Motor Vehicles	9,498	+ 9.9%	↑ 10,060	+ 5.9%
Aircrafts	5,596	+ 20.8%	↓ 4,933	▲ 11.9%
Others	87,886	+ 14.3%	↑ 97,290	+ 10.7%
Clothing & clothing accessories	25,636	+ 9.6%	↑ 27,043	+ 5.5%
Products	347,298	+ 13.2%	↑ 379,474	+ 9.3%

* Products = Chemicals + Manufactured Goods + Machinery other than Electric + Electrical Machinery + Transport Equipments + Others

* Values are rounded up/off to the nearest hundred million yen; year-on-year comparisons are based on figures rounded to the nearest millions.

* (↑) indicates an improvement from a year earlier; (↓), a decrease; (➡), a leveling off (an improvement or a decrease of less than 1%).

sustaining economic growth. More specifically, growth in corporate earnings will increase capital investments, while improvements in employment and income will promote individual consumption. Exports are on the rise thanks to the expansion of the global economy and the yen's depreciation at the same rate as it was 20 years ago in terms of real effective exchange rate. Japan's economic growth is supported by well balanced demands both domestically and internationally. In fiscal 2006, JFTC foresees that Japan's real GDP will accomplish growth of 2.8%, maintaining a year-on-year improvement of nearly 3.0% for the second consecutive year (3.0% was reported in fiscal 2005).

3. Foreign Exchange Rate and Crude Oil Prices

In fiscal 2006, the yen will appreciate slightly against

the U.S. dollar owing to 1) the shrinkage of the interest-rate gap between Japan and the U.S. from the discontinuation of interest-rate hikes by the FRB and the lifting of the Bank of Japan's zero-interest-rate policy and 2) growth in the U.S. current-account deficit. It is estimated by JFTC, as such, that the average yen/dollar exchange rate will be ¥109/\$1, the appreciation of the yen by 3.9% from a year earlier's ¥113.3/\$1.

Crude oil prices will hover at high levels on account of, among other factors, 1) massive expansions in demand due to favorable economic conditions worldwide, 2) geopolitical risks in Nigeria and the Middle East and 3) the inflow of pensions and other long-term funds into the crude oil market. The price of import crude oil at the time of arrival in Japan will be \$60 per barrel in fiscal 2006, 7.5% more expensive than the \$55.8 per barrel registered in fiscal 2005.

Financial Results of Shoshas for the year ended March 31, 2006

(Millions of Yen, Percentage changes from the previous year)

Consolidated Financial Results	ITOCHU CORPORATION	MARUBENI CORPORATION	MITSUBISHI CORPORATION	mitsui & CO., LTD.	SOJITZ CORPORATION	SUMITOMO CORPORATION
Total Assets	4,797,013 (7.3%)	4,587,072 (9.0%)	10,411,241 (14.5%)	8,573,578 (12.9%)	2,521,679 (3.0%)	6,711,894 (21.3%)
Liabilities	4,070,197 (2.7%)	3,923,285 (4.2%)	8,031,977 (5.8%)	6,895,671 (6.6%)	2,094,728 (▲ 3.4%)	5,407,919 (17.6%)
Shareholders' Equity	202,241 (0.0%)	262,686 (13.3%)	197,818 (56.1%)	295,766 (53.7%)	130,549 (▲ 61.2%)	219,279 (0.0%)
Total Shareholders' Equity	726,816 (42.4%)	663,787 (49.8%)	2,379,264 (58.1%)	1,677,907 (49.4%)	426,949 (52.4%)	1,303,975 (39.5%)
Trading Transactions	10,473,885 (9.4%)	8,686,532 (9.4%)	19,067,153 (11.3%)	14,885,728 (9.6%)	4,972,059 (6.3%)	10,336,265 (4.4%)
Gross Trading Profit	714,374 (13.3%)	502,024 (15.1%)	1,051,481 (19.8%)	816,617 (1.1%)	242,166 (▲ 0.9%)	706,647 (25.5%)
Gross Trading Profit Ratio	6.82%	5.78%	5.51%	5.49%	4.87%	6.84%
Selling, General and Administrative Expenses	506,257 (8.4%)	350,300 (2.1%)	696,779 (1.7%)	550,769 (8.1%)	165,964 (▲ 7.1%)	515,807 (17.8%)
Operating Income	193,389 (22.6%)	143,248 (67.8%)	349,864 (90.8%)	265,800 (39.5%)	76,202 (16.3%)	176,133 (56.7%)
Financial Balance	▲ 7,816 (13.6%)	▲ 12,052 (7.6%)	63,700 (56.5%)	9,118 (▲ 45.4%)	▲ 20,114 (▲ 24.6%)	▲ 9,530 (321.9%)
Net Income	145,146 (86.6%)	73,800 (78.9%)	350,045 (91.9%)	202,409 (67.1%)	43,706	160,237 (88.4%)
Non-Consolidated Financial Results	ITOCHU CORPORATION	MARUBENI CORPORATION	MITSUBISHI CORPORATION	mitsui & CO., LTD.	SOJITZ CORPORATION	SUMITOMO CORPORATION
Trading Transactions	5,981,224 (3.9%)	6,218,091 (8.9%)	11,078,516 (11.2%)	11,378,886 (9.2%)	1,330,122	6,423,706 (▲ 1.8%)
Gross Trading Profit	141,962 (7.5%)	125,639 (10.8%)	190,824 (▲ 3.5%)	218,329 (0.7%)	28,844	171,327 (2.7%)
Gross Trading Profit Ratio	2.37%	2.02%	1.72%	1.92%	2.17%	2.67%
Selling, General and Administrative Expenses	130,468 (16.4%)	102,547 (1.0%)	▲ 182,819 (3.6%)	204,708 (▲ 0.2%)	26,227	159,145 (8.2%)
Operating Income	11,494 (▲ 42.4%)	23,092 (94.6%)	8,004 (▲ 62.2%)	13,620 (16.8%)	2,616	12,181 (▲ 38.5%)
Financial Balance	44,729 (18.9%)	37,902 (0.6%)	167,851 (92.7%)	136,576 (19.4%)	16,401	24,533 (25.3%)
Ordinary Profit	55,554 (1.5%)	60,994 (25.9%)	193,025 (75.0%)	147,664 (26.7%)	19,767	42,282 (10.8%)
Income Taxes	11,850 (▲ 45.9%)	▲ 4,050	59,975 (596.2%)	37,709 (7.2%)	▲ 734	10,500 (94.4%)
Net Income	54,352 (64.8%)	15,039 (35.2%)	141,831 (114.5%)	74,484 (105.4%)	16,808	42,145 (178.7%)
Cash Dividends	9.0 yen	7.0 yen	35.0 yen	24.0 yen	0.0 yen	25.0 yen

What is "SHOSHA"?

SHOSHA is consistently changing to meet the requirements of each era. Its function, activities and vision are explained in detail in English at <http://www.jftc.or.jp/shosha/english/index.html>

Consolidated Financial Results	CHORI CO., LTD.	HITACHI HIGH-TECHNOLOGIES CORPORATION	INABATA & CO., LTD.	JFE SHOJI HOLDINGS, INC.
Total Assets	69,373 (▲ 1.3%)	457,837 ((5.9%)	269,590 ((28.1%)	597,983 ((6.1%)
Liabilities	49,068 (▲ 9.9%)	264,474 ((2.1%)	190,245 ((26.1%)	514,291 ((1.7%)
Shareholders' Equity	6,800 ((0.0%)	7,938 ((0.0%)	8,292 ((22.1%)	20,000 ((0.0%)
Total Shareholders' Equity	19,822 ((28.3%)	193,363 ((11.5%)	78,457 ((31.7%)	83,691 ((44.8%)
Trading Transactions	223,271 (▲ 7.8%)	888,293 (▲ 5.2%)	423,374 ((14.5%)	2,041,097 ((34.0%)
Gross Trading Profit	19,512 (▲ 3.7%)	131,007 ((3.5%)	30,030 ((16.5%)	80,816 ((10.5%)
Gross Trading Profit Ratio	8.74% —	14.75% —	7.09% —	3.96% —
Selling, General and Administrative Expenses	14,979 (▲ 5.2%)	94,971 (▲ 1.7%)	23,691 ((18.3%)	49,652 ((6.6%)
Operating Income	4,532 ((1.5%)	36,036 ((20.1%)	6,339 ((10.3%)	31,163 ((17.3%)
Financial Balance	▲ 211 (▲ 83.3%)	725 ((112.6%)	1,232 —	▲ 1,313 (▲ 8.1%)
Net Income	3,602 ((28.1%)	19,249 ((28.3%)	4,638 (▲ 22.3%)	18,285 ((18.7%)

Non-Consolidated Financial Results	CHORI CO., LTD.	HITACHI HIGH-TECHNOLOGIES CORPORATION	INABATA & CO., LTD.	JFE SHOJI HOLDINGS, INC.
Trading Transactions	206,586 (▲ 6.2%)	648,585 (▲ 2.6%)	290,371 ((8.3%)	8,487 —
Gross Trading Profit	15,074 (▲ 2.2%)	77,160 (▲ 1.9%)	13,488 ((3.0%)	8,487 —
Gross Trading Profit Ratio	7.30% —	11.90% —	4.65% —	100.00% —
Selling, General and Administrative Expenses	11,113 (▲ 4.8%)	59,007 (▲ 4.5%)	10,834 ((10.0%)	670 ((24.5%)
Operating Income	3,961 ((5.8%)	18,153 ((7.5%)	2,654 (▲ 18.3%)	7,817 —
Financial Balance	▲ 348 (▲ 68.5%)	1,558 (▲ 39.2%)	1,009 (▲ 19.5%)	40 —
Ordinary Profit	3,854 ((35.4%)	18,949 ((14.7%)	3,663 (▲ 18.6%)	7,857 —
Income Taxes	▲ 33 (▲ 44.1%)	5,995 ((38.5%)	8,245 ((411.2%)	57 ((137.5%)
Net Income	3,291 ((24.5%)	10,379 ((19.6%)	10,624 ((330.6%)	7,800 —
Cash Dividends	0.0 yen —	25.0 yen —	23.0 yen —	5.0 yen —

Consolidated Financial Results	KANEMATSU CORPORATION	NAGASE & CO., LTD.	SUMIKIN BUSSAN CORPORATION	TOYOTA TSUSHO CORPORATION
Total Assets	556,046 ((6.9%)	396,773 ((18.3%)	402,184 ((4.3%)	1,602,702 ((33.7%)
Liabilities	530,041 ((9.9%)	200,152 ((19.0%)	377,134 ((2.3%)	1,271,406 ((34.0%)
Shareholders' Equity	27,781 ((1.0%)	9,699 ((0.0%)	8,077 ((0.0%)	26,748 ((0.0%)
Total Shareholders' Equity	26,004 (▲ 31.6%)	196,620 ((17.7%)	25,049 ((50.3%)	314,319 ((32.6%)
Trading Transactions	1,104,726 ((24.6%)	648,023 ((12.6%)	1,114,282 ((8.2%)	3,945,319 ((19.0%)
Gross Trading Profit	81,732 ((19.9%)	67,640 ((9.2%)	68,057 ((6.8%)	194,276 ((10.6%)
Gross Trading Profit Ratio	7.40% —	10.44% —	6.11% —	4.92% —
Selling, General and Administrative Expenses	63,750 ((21.7%)	50,043 ((2.7%)	52,783 ((9.1%)	141,536 ((18.6%)
Operating Income	17,982 ((14.1%)	17,596 ((32.7%)	15,274 (▲ 0.6%)	80,056 ((42.2%)
Financial Balance	▲ 4,916 ((2.1%)	915 ((2.6%)	▲ 2,368 ((33.3%)	151 —
Net Income	▲ 21,686 —	12,892 ((24.2%)	6,040 ((57.9%)	45,732 ((21.9%)

Non-Consolidated Financial Results	KANEMATSU CORPORATION	NAGASE & CO., LTD.	SUMIKIN BUSSAN CORPORATION	TOYOTA TSUSHO CORPORATION
Trading Transactions	512,251 ((5.6%)	473,351 ((7.0%)	995,344 ((6.9%)	3,028,132 ((14.8%)
Gross Trading Profit	20,185 (▲ 2.4%)	30,734 ((6.9%)	37,936 ((9.9%)	73,763 ((12.0%)
Gross Trading Profit Ratio	3.94% —	6.49% —	3.81% —	2.44% —
Selling, General and Administrative Expenses	16,632 ((7.2%)	23,912 ((1.5%)	27,665 ((15.4%)	62,854 ((11.5%)
Operating Income	3,552 (▲ 31.4%)	6,822 ((31.7%)	10,270 (▲ 2.6%)	19,338 ((15.1%)
Financial Balance	2,179 ((189.4%)	3,349 ((63.6%)	▲ 38 (▲ 92.4%)	17,708 ((93.9%)
Ordinary Profit	6,829 ((13.7%)	10,329 ((21.5%)	10,380 ((10.8%)	40,647 ((49.5%)
Income Taxes	▲ 574 (▲ 9.2%)	3,466 ((0.9%)	88 (▲ 92.8%)	14,596 ((52.1%)
Net Income	▲ 25,479 —	7,747 ((29.0%)	1,299 (▲ 29.6%)	24,502 ((55.1%)
Cash Dividends	0.0 yen —	15.0 yen —	6.0 yen —	18.0 yen —

JFTC MONTHLY BULLETIN ON-LINE — Titles

JFTC publishes monthly bulletin covering wide variety of topics for the members and subscribers.
The following contents are available from the website (<http://www.jftc.or.jp/>) though written in Japanese.

From May 2006 issue

1. Foreword: "Shosha's function in a risk growing society" ... Nobuo Katsumata, JFTC Vice-Chairman, President & CEO, Marubeni Corporation
2. Special Articles: "Sustainability of Asian economies"
 - Round-table talks—Upon publication of "The Future of Asia in 2015"
 - Sustainability of Latin American economies —Agribusiness in Brazil and Environmental Preservation of the Amazon—
... Yutaka Hongo, Latin America and the Caribbean Dept., Japan International Corporation agency
3. International Letter—"From Persian Country" ... Takuhei Hasegawa, President, Chori Iran co., Ltd
4. Zoom Up "The world first high functionality cosmetics using fullerene—product development and sales promotion"
... Kenji Matsubayashi, Director, Vitamin C60 BioReserach Corp.

From June 2006 issue

1. Foreword: "Wooded Landscape" ... Yoshihiro Miwa, Executive Director of JFTC, President & CEO, Kowa Company Ltd.
2. Special Articles: "Asian economic zone & Kyushu"
 - Round-table talks—"Shosha's contribution for the development of Kyushu Economic Zone"
 - "Frontier of distribution logistics in Kyusyu" ... Michitaka Yamanaka, JFTC
 - "Growth potential of Kyushu and expectations toward Shosha"
... Michisada Kamata, Chairman, Kyushu Economy International, Chairman, Kyushu-Yamaguchi Economic Federation
 - "Industry, Academia, Government Collaboration in Kyushu" ... Chisato Kajiyama, President, Kyushu University
 - "Toward Tourism Empire-Kyushu" ... Koji Tanaka, President, Kyushu Tourism Promotion Organization
 - Interview "Human Resource Development to foster world leaders" ... Mitsuhide Kohga, Vice-President, Ritsumeikan Asia Pasific University
3. International Letter—"Daily life of people in dynamic Thailand"
... Kazuhiro Kanda, coordinator of human resources and general affairs, Toyota Tsusho (Thailand) Co., Ltd.
4. The Angles—"Non-optimistic view on Asian future-Expectation on ASEAN functioning as Sea Corridor"
... Shigeya Matsumura, General Manager, Itochu Institute of Strategic Management
5. Zoom Up—"Promotion of natural coloring dye— The story from the Andes" ... Noriaki Kanesashi, President, Chori MODA Co., Ltd.

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