Sumitomo Corporation

Annual Report 2012

1 Earnings Expansion

2 Management Stability

3 Touchstone

Cautionary Statement Concerning Forward-Looking Statements

This report includes forward-looking statements relating to our future plans, targets, objectives, expectations, and intentions. The forward-looking statements reflect management's current assumptions and expectations of future events and, accordingly, they are inherently susceptible to uncertainties and changes in circumstances and are not guarantees of future performance. Actual results may differ materially, for a wide range of possible reasons, including general industry and market conditions and general international economic conditions. In light of the many risks and uncertainties, you are advised not to put undue reliance on these statements. The management targets included in this report are not projections, and do not represent management's current estimates of future performance. Rather, they represent targets that management strives to achieve through the successful implementation of the Company's business strategies. The Company may be unsuccessful in implementing its business strategies, and management may fail to achieve its targets.
The Company is under no obligation—and expressly disclaims any such obligation—to update or alter its forward-looking statements.

* We have prepared consolidated financial statements in accordance with International Financial Reporting Standards ("IFRSs") from the fiscal year ended March 31, 2011. The date of transition to IFRSs was April 1, 2009.

* Net income in this report is the same as "profit for the year attributable to owners of the parent," under IFRSs, and "net income attributable to Sumitomo Corporation," under U.S. generally accepted accounting principles (U.S. GAAP).

Financial Highlights

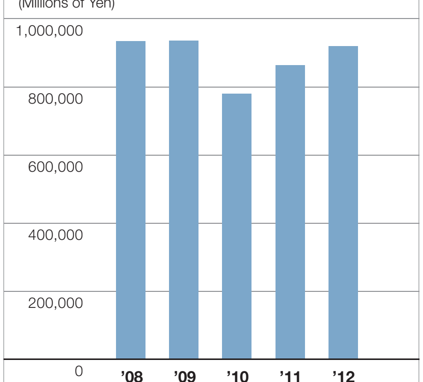
For the years ended March 31

	Millions of Yen				
	2008 U.S. GAAP	2009 U.S. GAAP	2010 U.S. GAAP	2011 IFRS	**2012 IFRS**
Results of operations:					
Gross profit	¥ 934,542	¥ 935,232	¥ 779,512	¥ 863,994	**¥ 918,825**
Financial income (expense)	(27,578)	(21,487)	(12,773)	(8,079)	**(3,862)**
Interest expense, net	(42,838)	(36,120)	(24,070)	(18,090)	**(15,056)**
Dividends	15,260	14,633	11,297	10,011	**11,194**
Share of profit of investments accounted for using the equity method*	56,942	89,954	76,132	95,580	**110,628**
Profit for the year attributable to owners of the parent*	238,928	215,078	155,199	200,222	**250,669**
Financial position at year end:					
Total assets	7,571,399	7,018,156	7,137,798	7,230,502	**7,226,769**
Equity attributable to owners of the parent*	1,492,742	1,353,115	1,583,726	1,570,468	**1,689,056**
Interest-bearing liabilities (net)	3,247,556	3,186,833	2,781,791	3,056,256	**2,786,655**
Cash flows:					
Net cash from operating activities	323,662	348,779	510,425	219,502	**190,417**
Net cash used in investing activities	(298,041)	(261,517)	(59,381)	(469,378)	**(35,696)**
Free cash flows	25,621	87,262	451,044	(249,876)	**154,721**
Net cash (used in) from financing activities	7,866	(5,844)	(150,103)	155,879	**(33,273)**

Note: We have prepared consolidated financial statements in accordance with International Financial Reporting Standards ("IFRSs") since the fiscal year ended March 31, 2011. The date of transition to IFRSs was April 1, 2009.

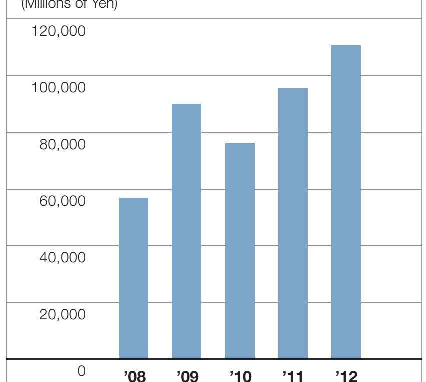
Gross profit

(Millions of Yen)



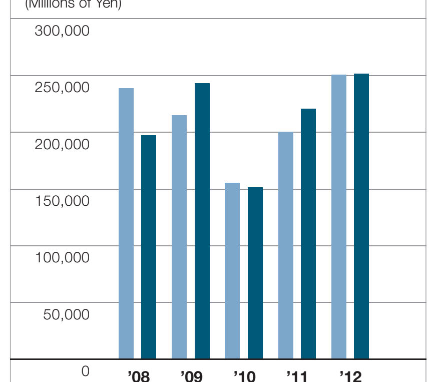
Share of profit of investments accounted for using the equity method

(Millions of Yen)



Profit and basic profit

(Millions of Yen)



■ Profit for the year attributable to owners of the parent
■ Basic profit

	2008 U.S. GAAP	2009 U.S. GAAP	2010 U.S. GAAP	2011 IFRS	2012 IFRS
	Yen				
Amounts per share:					
Profit for the year attributable to owners of the parent*:					
Basic	¥ 192.51	¥ 172.06	¥ 124.15	¥ 160.17	**¥ 200.52**
Diluted	192.47	172.03	124.12	160.09	**200.39**
Equity attributable to owners of the parent*	1,194.20	1,082.47	1,266.93	1,256.31	**1,351.10**
Cash dividends declared for the year*1	38.00	34.00	24.00	36.00	**50.00**
	%, Times				
Ratios:					
Equity attributable to owners of the parent ratio (%)*	19.7	19.3	22.2	21.7	**23.4**
ROE (%)	16.1	15.1	10.6	12.9	**15.4**
ROA (%)	3.0	2.9	2.2	2.8	**3.5**
Debt-equity ratio (net) (times)	2.2	2.4	1.8	1.9	**1.6**
	Millions of Yen				
For reference:					
Total trading transactions*2, 3	¥11,484,585	¥10,749,996	¥7,767,163	¥8,349,371	**¥8,273,043**
Basic profit*4	197,126	242,982	151,356	220,466	**251,500**

* Under U.S. GAAP, "Share of profit of investments accounted for using the equity method" corresponds to "Equity in earnings of associated companies, net," "Profit for the year attributable to owners of the parent" corresponds to "Net income attributable to Sumitomo Corporation," "Equity attributable to owners of the parent" corresponds to "Sumitomo Corporation shareholders' equity" and "Equity attributable to owners of the parent ratio" corresponds to "Sumitomo Corporation shareholders' equity ratio."

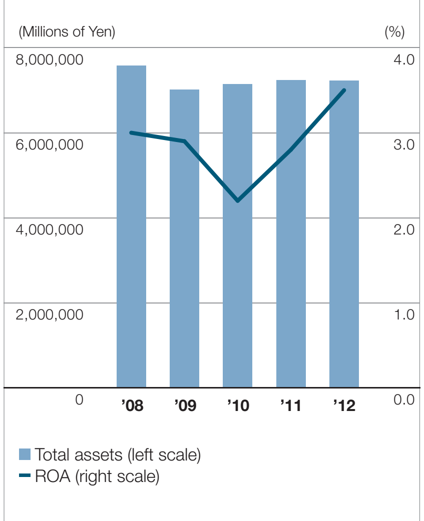
*1 Cash dividends per share represents the cash dividends declared applicable to each respective year, including dividends paid after the year-end.

*2 Total trading transactions is presented in a manner customarily used in Japan solely for Japanese investors' purposes.

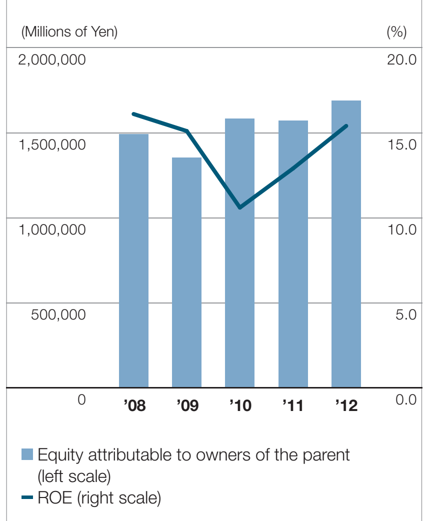
*3 Total trading transactions represents the gross transaction volume of trading activities, or the nominal aggregate value of the transactions for which the Companies act as a principal or as an agent. Total trading transactions is a measure commonly used by Japanese trading companies. It is not to be construed as equivalent to, or a substitute for, sales or revenues under accounting principles generally accepted in the United States of America ("U.S. GAAP") or IFRSs.

*4 Basic Profit = (Gross profit + Selling, general and administrative expenses (excluding provision for doubtful receivables) + Interest expenses, net + Dividends) x (1 – Tax rate) + Share of profit of investments accounted for using the equity method
<Tax rate was 41%>

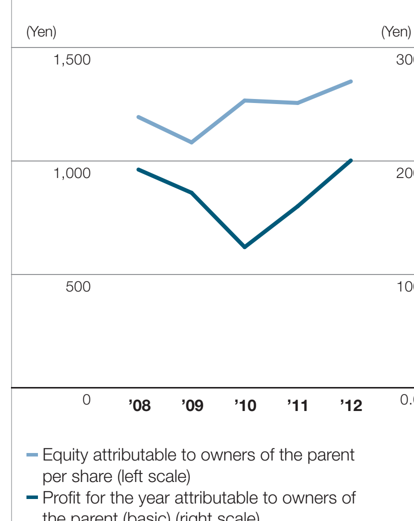
Total assets and ROA



Equity attributable to owners of the parent and ROE



Amounts per share



To Our Stakeholders

The Way for Sumitomo Corporation's Next 100 Years

—Aiming for Stable and Sustained Growth—

Sumitomo Corporation has a history spanning nearly 100 years. Eyeing the next century, we will continue to aim for stable and sustained growth going forward.

KUNIHARU NAKAMURA
President and CEO

["Be the Best, Be the One"]

Sumitomo Corporation aspires to be a company that earns society's recognition by creating value that cannot be imitated by any other company.

Appointment as President and CEO

As I take the helm of Sumitomo Corporation as its new president and CEO, I would like to share my perspectives on what kind of company I would like to make Sumitomo Corporation.

The Sumitomo Group, which includes Sumitomo Corporation, has a 400-year history, and Sumitomo Corporation itself has a history of nearly 100 years. In a period of major upheaval and business expansion on a global scale, steering a course for management of Sumitomo Corporation has become increasingly challenging in recent years. Nonetheless, I want to ensure that Sumitomo Corporation remains a company that continues to achieve stable and sustained growth going forward.

I would like to keep the following three perspectives in mind as we work to achieve this goal.

First, we shall reaffirm Sumitomo's Business Philosophy, which has been cultivated over 400 years, and the Sumitomo Corporation Group's Corporate Mission Statement. For example, Sumitomo's Business Philosophy contains the following credo: "Benefit for self and others, private and public interests are one and the same." This means that "Sumitomo's business activities must benefit not only Sumitomo's own businesses, but also society and the nation." I believe that this credo expresses the fundamental nature of Sumitomo Corporation's businesses. Furthermore, I believe that Sumitomo Corporation's identity is marked by our commitment to conducting business activities in line with this philosophy, and will underpin Sumitomo Corporation's strength.

Second, I believe that we should take a long-term perspective. To do so, it is crucial that we properly develop a vision for the company's future, and stay focused on this vision. Sumitomo Corporation formulates a medium-term management plan every two years. Our first priority is to focus on achieving the targets of the current management plan $f(x)$. However, when formulating the next medium-term management plan, we will develop a medium-to-long-term vision as our goal. This vision will provide the basis for determining measures that must be implemented in the present.

Third, because we are a trading company, our people mean everything.

I believe that the sum of all the abilities and experiences of every employee represents the true value of the Sumitomo Corporation Group. To improve our value, we must pour our energies into human resources development, while making Sumitomo Corporation Group a group where employees can work energetically while enjoying their duties.

Upon my appointment as president and CEO, I set forth the slogan "Be the Best, Be the One." Enshrined in this slogan is my aspiration to make Sumitomo Corporation a company that earns society's recognition by creating value that nobody else can match. The purpose of this slogan is to make the Sumitomo Corporation Group an organization recognized by all stakeholders for its unmatched excellence, by having every employee work with spirit and pride, while demonstrating distinctive strengths befitting Sumitomo Corporation's identity and uniqueness. By having every officer and employee hold the slogan "Be the Best, Be the One" close to their hearts, I believe that we can pave the way for stable and sustained growth.

Three Management Perspectives

1. Reaffirm Sumitomo's Business Philosophy and Management Principles
2. Take a long-term perspective
3. The sum total of all the talents and experiences of every employee represents true worth

[Distinctive Strengths Befitting Sumitomo Corporation's Identity and Uniqueness]

Sumitomo Corporation has embraced Sumitomo's Business Philosophy and the Sumitomo Corporation Group's Corporate Mission Statement as the fundamental and ultimate value standard of the Company. Positioning these as our management touchstone, we will remain focused on balancing earnings expansion and management stability, as we aim to drive sustained growth.

Please turn to page 012 for details on Earnings Expansion.

Please turn to page 023 for details on Sumitomo's Management Touchstone.

Staying True to Sumitomo Corporation's Identity

Sumitomo Corporation's identity is born of efforts to conduct management and business activities in line with Sumitomo's Business Philosophy and Sumitomo Corporation's Corporate Mission Statement, which are the basics of Sumitomo Corporation. We want all of our activities to be consonant with Sumitomo Corporation's identity.

Management Touchstone: the Fundamental and Ultimate Value Standard of the Company

Sumitomo's Business Philosophy, which has been cultivated over 400 years, has underpinned Sumitomo Corporation in every age. This 400-year philosophy urges us to anticipate change with an "enterprising spirit," even while emphasizing the principles of "integrity and sound management," "never to pursue easy gains," and "working for the public benefit and public interest," without becoming preoccupied by fleeting changes. Based on this Sumitomo's Business Philosophy and the Sumitomo Corporation Group's Corporate Mission Statement, which sets out the philosophy in a simple and clear structure, our Corporate Vision is as follows: "We aim to be a global organization that constantly stays a step ahead in dealing with change, creates new value, and contributes broadly to society." The foregoing constitutes not just our management foundations, but also the fundamental and ultimate value standard of the Company.

Management Focused on Balancing Earnings Expansion and Management Stability

These management foundations also teach us the importance of balancing earnings expansion and management stability. Over the years, Sumitomo Corporation has not blindly implemented measures solely for the sake of expanding earnings. Based on the company's external environment and present standing, management has consistently led the company forward by carefully considering how to achieve sustained growth at every juncture.

Looking ahead, I intend to put a premium on this approach to ensure that we steer the company in the right direction in the years ahead.

Sumitomo Corporation's Distinctive Strengths

I believe that Sumitomo Corporation's distinctive strengths lie in its strong ability to drive earnings expansion and ensure stable management based on the management touchstones laid down over the years. By continuing to demonstrate these strengths going forward, we will pave the way for Sumitomo Corporation to achieve stable and sustained growth.

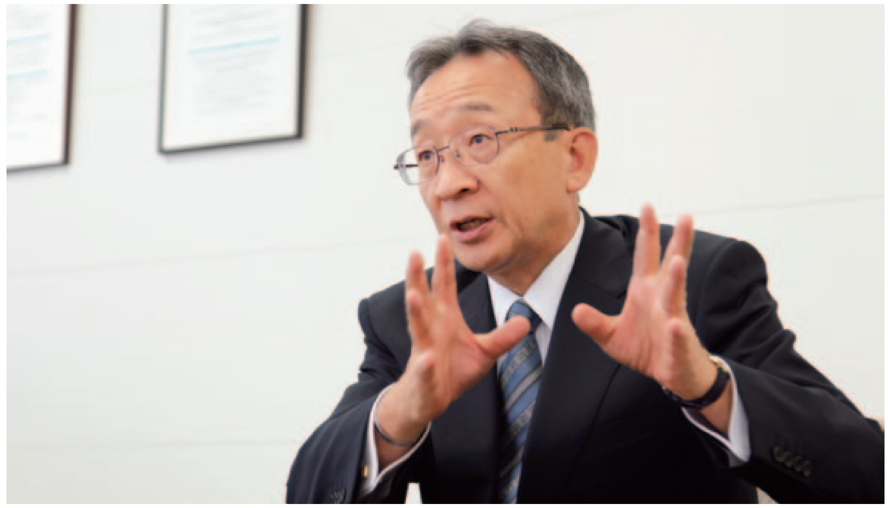
Ability to Drive Earnings Expansion

Sumitomo Corporation will create businesses and enhance them by grasping shifting business conditions and customer needs through the use of business platforms and functions built over the years. Through these activities, we will initiate new value for society, with the aim of driving earnings expansion.

Ability to Ensure Stable Management

Meanwhile, management stability is underpinned by Sumitomo Corporation's sophisticated risk management. To date, Sumitomo Corporation has endeavored to raise the sophistication of risk management, while addressing prevailing changes in the business environment and customers' business models at each time. Furthermore, the approach of risk-adjusted return management is fundamental to risk management at the Sumitomo Corporation Group.

This approach is based on two principles, namely, generating returns that justify risk, and avoiding excessive risk taking by keeping risk-adjusted assets within shareholders' equity, which is our risk buffer. These principles are extremely important. Looking ahead, we will continue working to ensure management stability by emphasizing these principles.



Three Directions for Driving Earnings Expansion

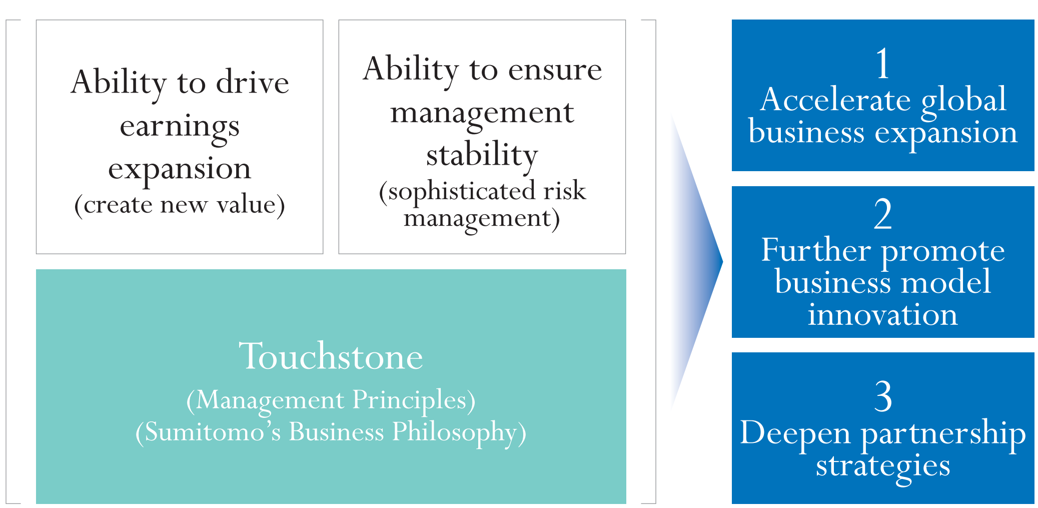
As I have noted so far, Sumitomo Corporation's earnings expansion will be primarily driven by the creation of new value while grasping customer needs. We intend to drive earnings expansion along three directions. I will now explain each in detail.

First, we must accelerate global business expansion. With the onset of rapid economic globalization, the global economy's center of gravity is shifting from the developed world to emerging countries. We must properly grasp these changes and capitalize on growth opportunities in emerging countries. I believe that this is essential to the Sumitomo Corporation Group's growth.

Three Directions for Driving Earnings Expansion

1. Accelerate global business expansion
2. Further promote business model innovation
3. Deepen partnership strategies

SUMITOMO CORPORATION'S DISTINCTIVE STRENGTHS AND DIRECTION



Second, we must further promote business model innovation. Amid continuing technological innovation in a variety of fields and economic globalization, shifts in the industrial structure, highlighted by industrial restructuring and the emergence of new industries, have proceeded at a relentless pace. In this external environment, customers now expect Sumitomo Corporation as a general trading company to provide increasingly diverse and sophisticated functions. To properly answer these sorts of customer needs, I believe that it is imperative that we steadily implement business model innovation.

Third, we must deepen our partnership strategy. The world has a large number of companies that possess unique strengths, along with those that are well versed in matters such as regional characteristics. Among these companies, it is vital that we build relationships of trust over the long term whereby we can share one another's values, such as philosophy, ambitions and approaches. I believe that building such relationships of trust will help us to further accelerate global business development and further promote business model innovation.

Making Sumitomo Corporation a Lasting Enterprise

Throughout my career with Sumitomo Corporation, I have worked on the frontlines of many business sites. Over the years, I have developed the conviction that business cannot be sustained based on the logic of corporations alone. To ensure the sustained growth of companies, we must respect the interests of customers and various other stakeholders, as we strive to build good relationships with them. Having Sumitomo's Business Philosophy and the Sumitomo Corporation Group's Corporate Mission Statement as management touchstones gives the Sumitomo Corporation Group a huge advantage in this respect.

In addition, as I noted earlier, Sumitomo Corporation's ability to expand earnings will be primarily driven by its ability to create new value. To develop and amass these strengths, we must enhance our integrated corporate strength across the boundaries of organizations and companies. Developing human resources to accomplish this task will become an increasingly crucial priority. Going forward, I would like to allocate time and management resources to the priority of developing people who can stand in other people's shoes and act across the boundaries of organizations and companies.

My ambition is to make Sumitomo Corporation a company that survives the next 100 years, and becomes a lasting enterprise. To this end, we must first develop a medium-to-long-term vision for the company.

Such a vision is like those highway mirages we see in the summer, with the next vision of water always moving one phase ahead of us. As businesses progress, one starts to see further beyond to the next phase of the vision. By continuing to flexibly adjust course as we strive to realize our vision for the company, I believe that we will become an enterprise that can deliver stable and sustained growth.

Looking ahead, Sumitomo Corporation will continue to fortify and enlarge each of its businesses, while considering the need to maintain a balanced business portfolio, with the goal of achieving sustained growth. I hope that you share in my excitement and anticipation for the Sumitomo Corporation Group's initiatives in the years to come.

August 2012
Kuniharu Nakamura, President and CEO

Column 1

Progress on $f(x)$

In fiscal 2011, Sumitomo Corporation reported record net income of ¥250.7 billion. This result was far higher than the quantitative net income target for f(x) of ¥220 billion. While partly a reflection of tailwinds such as buoyant resource prices, this strong performance also signifies that our iron ore project in Brazil has started contributing to earnings, and that core businesses in non-resource fields, which Sumitomo Corporation has long focused on, are developing in line with expectations.

In fiscal 2012, the global economy should continue to see moderate growth overall. By region, European economies will see the sovereign debt crisis continue to cast a shadow over the global economic outlook, but the U.S. economy should remain firm thanks to a continuation of a monetary easing policy. Emerging economies are projected to grow steadily, supported by robust internal demand.

In this business environment, in fiscal 2012, Sumitomo Corporation expects to achieve its quantitative net income target for f(x) of ¥260 billion, which would be another all-time high. Growth should be driven by the Metal Products and Infrastructure segments in emerging countries, and non-resource fields such as the Media, Network & Lifestyle Retail segment, despite projected lower earnings year on year in resource fields based on external factors such as falling resource prices. Sumitomo Corporation also expects to achieve f(x)'s target for the Risk-adjusted Return Ratio of at least 15% in fiscal 2012.

Net income reached a record ¥250.7 billion in fiscal 2011. This is forecast to increase and reach ¥260.0 billion in fiscal 2012.

PROGRESS QUANTITATIVE TARGETS TO MEDIUM-TERM MANAGEMENT PLAN: f(x)

	Medium-term Management Plan: f(x) at onset		As of start of FY2012		Reference
	FY2011 plan	FY2012 plan	FY2011 results	FY2012 plan (revised)	FY2010 results
Net Income (billion yen)	220.0	260.0	250.7	260.0	200.2
Risk-adjusted Return ratio	—	15% or more	16.5%	15% or more	13.9%

Progress on Asset Replacement

Under f(x), we are promoting strategic resource management from a Company-wide perspective in an effort to achieve business model innovation in fields where higher growth potential and profitability can be expected. To replace the portfolio with even better assets and improve the quality of assets, we plan to acquire and enhance assets by an additional ¥1,150.0 billion, while maintaining total assets at the same level by offsetting the asset acquisitions and enhancements with the same amount of asset divestitures and reductions.

In fiscal 2011, we acquired and enhanced assets by an additional ¥570.0 billion, but also offset this by executing the same amount of asset divestitures and reductions. In this manner, we have made steady progress on the replacement of assets.

Sumitomo increased assets by ¥570.0 billion, while executing the same amount of asset sales and reductions.

TWO-YEAR PROGRESS IN BALANCE SHEET REFORMS TO THE MEDIUM-TERM MANAGEMENT PLAN: f(x)

	Medium-term Management Plan: f(x) at onset	As of start of FY2012		
(billion yen)	2-year total	FY2011 results	FY2012 plan (revised)	2-year total (forecast)
Acquisition & Enhancement (new investments included)	+1,150.0 (+580.0)	+570.0 (+220.0)	+430.0 (+360.0)	+1,000.0 (+580.0)
Divestiture & Reduction	–1,150.0	–570.0	–580.0	–1,150.0

New investment and finance

In fiscal 2011, we actively executed investment and finance in non-resource fields, focusing on core businesses in each field and businesses where growth is expected, in order to achieve steady growth in each of these fields. Additionally, in the resources field, we acquired prime new interests and expanded existing projects. As a result, we executed new investment and finance of ¥220 billion in fiscal 2011, marking steady progress against our total investment and finance target of ¥580.0 billion over the 2-year period. In fiscal 2012, as new investment opportunities increase due to the impact of the European sovereign debt crisis, we plan to execute new investment and finance of ¥360.0 billion in each field. While uncovering prime assets, we will steadily proceed with this new investment and finance without relaxing our investment rules.

Column 2

Returning Profit to Shareholders

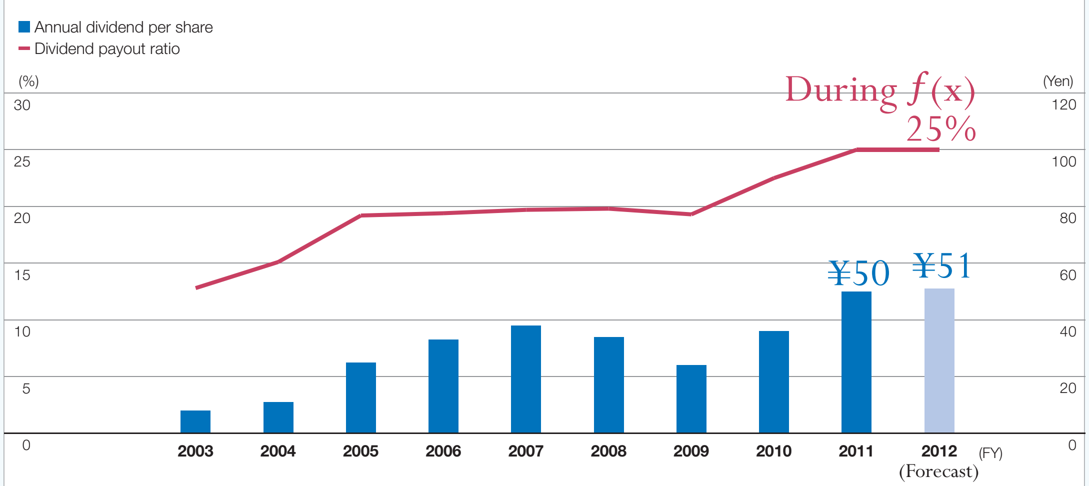
The dividend payout ratio in fiscal 2012 is again

25%.

We intend to maintain our policy on returning profit to shareholders by adhering to our approach to date. To improve the return of profit to shareholders, we believe that it is important to balance improvement in corporate value with the enhancement of dividends. Naturally, improving corporate value entails retaining earnings to fund investments in future growth. On the other hand, we also believe that it is important to directly return profits generated in step with expanding earnings to shareholders by paying dividends. Based on this perspective, the Sumitomo Corporation Group has decided to target a dividend payout ratio in the range of 20% to 30%. During fiscal 2011 and fiscal 2012, the 2-year period of the ƒ(x) plan, we expect to achieve a dividend payout ratio of 25%.

For fiscal 2011, Sumitomo Corporation paid a record-high annual dividend of ¥50 per share, an increase of ¥14 from the previous fiscal year. For fiscal 2012, we plan to pay an annual dividend of ¥51 per share, provided that we achieve our net income target of ¥260 billion.

TRENDS OF DIVIDENDS AND DIVIDEND PAYOUT RATIO



	FY2011 Results	FY2012 Forecast
Net income (billion yen)	250.7	260.0
Annual dividend/share (interim/year-end)	50 yen (24 yen/26 yen)	51 yen (25 yen/26 yen)

Special Feature

Driving Forces for Corporate Value

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1 Earnings Expansion:
Providing new value while staying attuned to customer needs and addressing changes

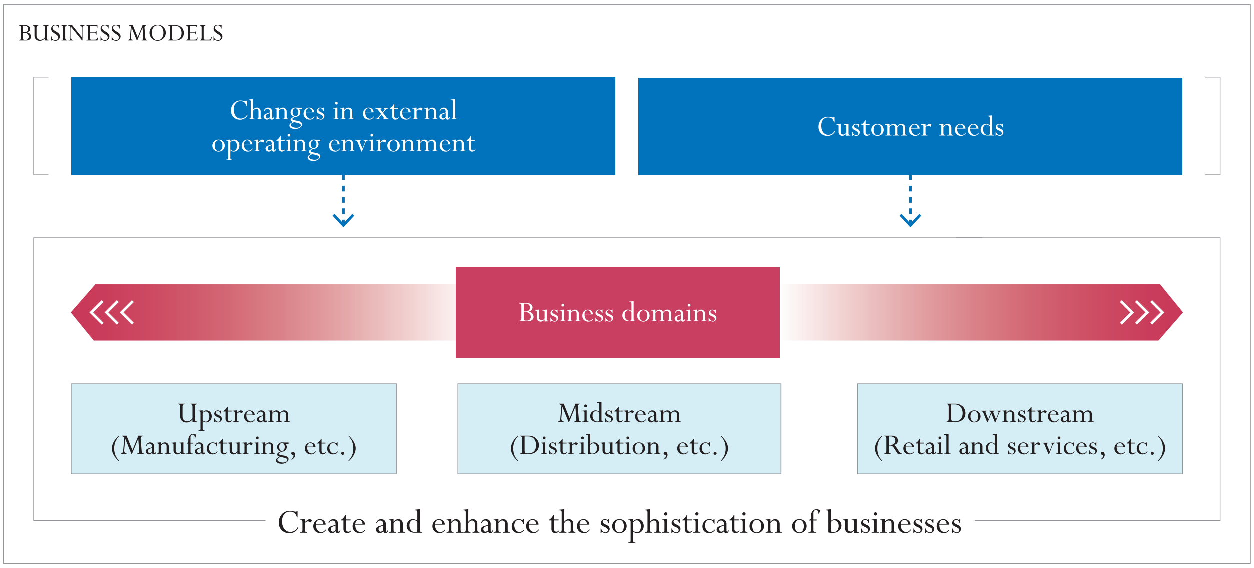
Leveraging its business platforms and functions built up over the years, Sumitomo Corporation has created businesses and added depth to its operations by staying attuned to the shifting business environment and customer needs. By providing new value to society through these and other activities, Sumitomo Corporation has expanded earnings.

The business environment surrounding Sumitomo Corporation has been in a constant state of flux, characterized by the complex interplay of various factors, including the yen's appreciation, advances in IT and growth in emerging countries. Other factors have included the Lehman Brothers bankruptcy and the ensuing financial instability, global environmental issues and natural disasters. In step with these developments, our customers' needs have also changed. For example, customers in the manufacturing industry are increasingly seeking to shift their operations offshore and to address environmental issues.

We see these changes as business opportunities. While harnessing our business platforms, including operating sites around the world, and functions such as information gathering and analysis capabilities, as well as risk management skills, we have built value chains by expanding our business domains from midstream fields such as distribution operations to upstream fields such as manufacturing operations and downstream fields, including retail and service operations.

And by continuing to provide new value while adding depth to the value chains we have built, we aim to achieve sustained earnings expansion into the future.

In this feature section titled "Earnings Expansion," we present three examples of how we have created new value and added depth to our value chains. The first is our tubular products business in North America, where we have continually refined the value chain. The second is the Tanjung Jati B coal-fired thermal power plant project in Indonesia, where we have refined our business model starting from our role as a construction contractor for this power plant. Finally, we take a look at overseas development of the retail business, where we have nurtured various businesses by taking full advantage of our trading company functions.



Case 1
Tubular Products Business in North America: Enhancement of the Tubular Product Value Chain

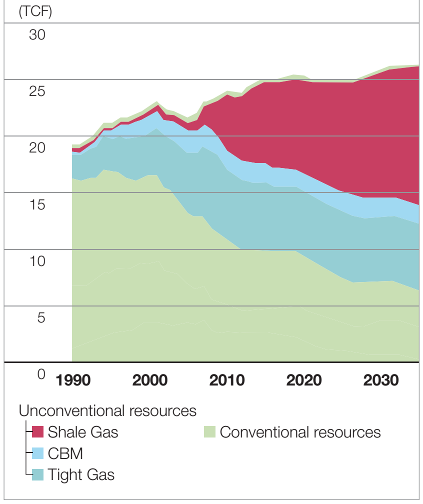
The V&M Star small-diameter seamless pipe manufacturing plant under construction

Expanding Shale Gas and Oil Development

Fossil fuels found in a natural state that is more difficult to develop and recover than conventional resources are classified as "unconventional resources." One example is oil and natural gas trapped directly inside solid layers of rock beneath the earth's surface. Among these resources, shale gas and oil, which are found in the thin and brittle shale layer, have attracted considerable attention mainly in North America. Although the existence of shale resources have long been known, commercial production was not feasible given the difficulty in developing and recovering these resources. However, in the early 2000s, the technologies for hydraulic fracturing and horizontal drilling were successfully established in the U.S.,and it significantly reduced development costs. As a result, commercial shale gas production commenced on a full scale from around 2006. Thereafter, from 2010, the focus of development has shifted to shale oil due to persistently high crude oil prices.

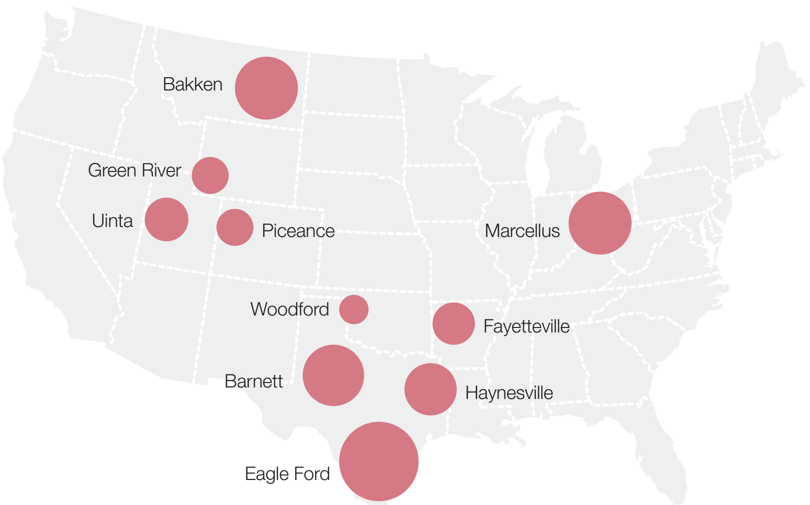
These shale gas and oil wells involve an extended length of horizontal drilling that require oil country tubular goods (OCTG) with a smaller diameter than conventional products. For this reason, demand for small-diameter OCTG has increased sharply since 2007.

THE AMOUNT OF SHALE GAS AMONG THE NATURAL GAS IN THE U.S.



Source: EIA Annual Energy Outlook 2011

MAJOR SHALE PLAYS IN THE U.S.



Strengthening the Seamless Pipe Manufacturing Business

Under such circumstances, in October 2011, Sumitomo Corporation participated in the project of establishing a small-diameter seamless pipe mill in the U.S.

This pipe mill is located in close proximity to the Marcellus Shale in Pennsylvania, one of the most active shale development regions. In addition, the location is adjacent to the premises of V&M Star LP, an Ohio-based firm acquired by Sumitomo Corporation together with Vallourec S.A., a major French pipe producer, in 2002. Sharing raw materials with V&M Star will facilitate efficient production by this new pipe mill. Plans call for starting operations at the steel mill in autumn 2012, with annual production output of approximately 350,000 tons of pipes planned for 2013.

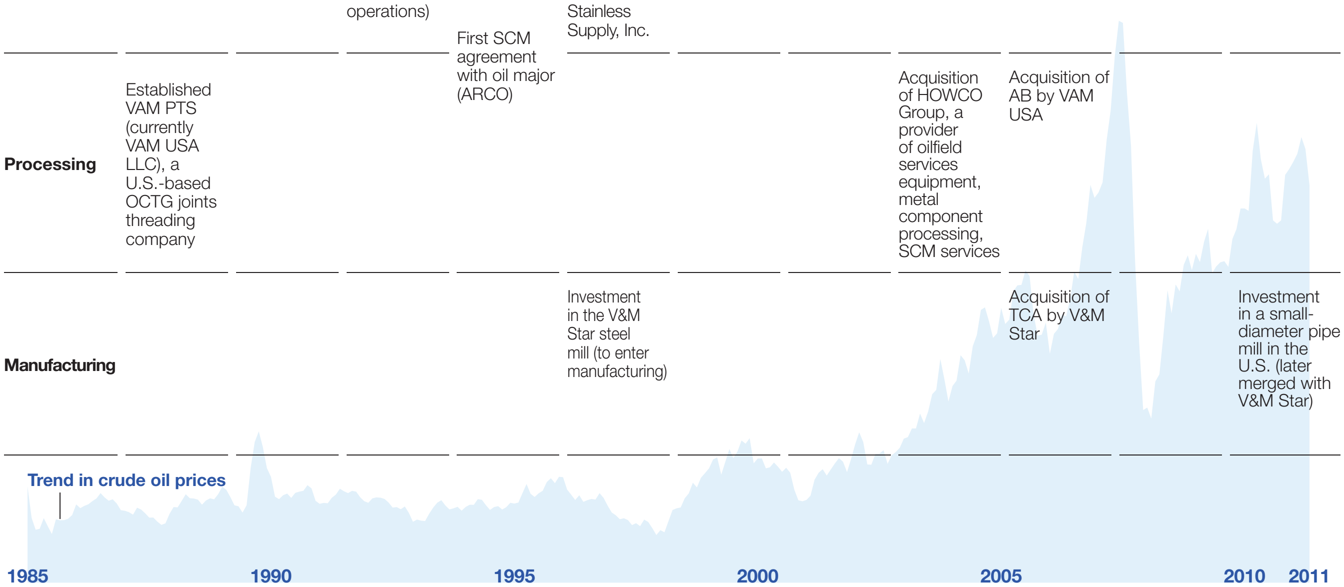
Becoming the Largest Player in the U.S. OCTG Market While Adapting to Change

Global OCTG consumption totals about 12 million tons a year. North America consumes around 6 million tons, or roughly half, of this global consumption. Sumitomo Corporation boasts a share of about 20% of the North American OCTG market. Initially, Sumitomo Corporation's tubular products business in North America revolved around trading activities, namely the export of pipes manufactured in Japan to the U.S. In the late 1970s, however, trade conflict between Japan and the U.S. started to emerge, and as a result, OCTG exports gradually became subject to trade restrictions. After seeking ways to break through this impasse, Sumitomo Corporation decided to enter the tubular products distribution business in the U.S. and established an OCTG distribution business in 1987. Through this distribution business, Sumitomo Corporation worked tirelessly to enter into stable long-term supply agreements with customers mainly consisting of the oil majors. From 1993, Sumitomo Corporation started to conclude Supply Chain Management (SCM) agreements for tubular products combined with inventory management and various other services. Based on a grasp of changing market conditions, Sumitomo Corporation shifted its business model from exporting tubular products to the U.S. to localized operations in which the company procures OCTG from domestic pipe mills for distribution within the U.S.

In 1995, exports of Japanese OCTG to the U.S. stopped as a result of U.S. anti-dumping measures. At that time, Sumitomo Corporation received requests from oil majors and other customers with whom it had business relationships to continue stably supplying OCTG based on the company's understanding of their needs. To answer

KEY BUSINESS DEVELOPMENTS AT SUMITOMO'S NORTH AMERICAN OCTG BUSINESS

	1984	1986	1987	1993	2002	2003	2006	2007	2008	2010	2011
Distribution		Established Summit Tubular Corp. in Canada	Established Premier Pipe, LLC in the U.S. (commenced local U.S. business operations)	First SCM agreement with oil major (ARCO)	Invested in Pyramid Tubular Products, L.P. of the U.S. Established Global Stainless Supply, Inc.	Established TSA in Alaska	Acquired Pipeco Services, Inc. of the U.S.			Acquired Alliance Tubulars of Canada	
Processing	Established VAM PTS (currently VAM USA LLC), a U.S.-based OCTG joints threading company							Acquisition of HOWCO Group, a provider of oilfield services equipment, metal component processing, SCM services	Acquisition of AB by VAM USA		
Manufacturing					Investment in the V&M Star steel mill (to enter manufacturing)				Acquisition of TCA by V&M Star		Investment in a small-diameter pipe mill in the U.S. (later merged with V&M Star)



their requests, Sumitomo Corporation raced in earnest to secure pipe supply sources within the U.S. These efforts led to the 2002 acquisition of a U.S. seamless pipe mill with Vallourec, marking our first step into manufacturing operations. Thereafter, Sumitomo Corporation remained focused on upgrading and expanding the value chain in step with customer needs and the changing business environment. Measures included investing in a major tubular products distributor and an oilfield service equipment processor and manufacturer.

Strengths of the Tubular Product Business in North America

Sumitomo Corporation's tubular product business in North America is driven by three main strengths: (1) an extensive customer base centered on long-term agreements with a broad range of oil companies, from the majors to small- and medium-sized independent companies; (2) a distribution network capable of just-in-time supply of high-quality products; (3) a support system for smooth operations based on a proprietary IT system, such as a SCM scheme for tubular products.

Normally, oil and gas are found deep underground. The OCTG that draw up these resources require a high level of performance in terms of the ability to withstand high temperatures and pressures, as well as anti-corrosion properties. Previously, our client oil companies had many ancillary duties to perform besides their core business of oil and gas development, including not only procurement of equipment and supplies such as OCTG, but also related processing, inventory management and maintenance. By performing these duties for oil companies on an outsourcing basis, Sumitomo Corporation has striven to provide an environment where its customers can focus on efficient gas and crude oil development.

In addition, oil and gas wells present different conditions, such as size, depth and pressure, depending on the drilling site. There is a need to design optimal wells for each drilling environment at individual oil and gas fields under development and determine the products that will be used. This requires advanced decision making capabilities based on insight and expertise developed over many years. Sumitomo Corporation has its own team of engineers who can address the needs of oil companies conducting drilling operations. This team offers proposals on product applications and other parameters best suited to specific well conditions.

Furthermore, oil well drilling is conducted entirely through on-site operations in oil and gas producing areas. For this reason, various functions must be concentrated on-site. Also, talented human resources who can manage the site are essential. Sumitomo Corporation also has service companies devoted to supply chain management that can be contracted to comprehensively perform these operations. These companies take responsibility for launching facilities and operations, operation and maintenance, systems integration and human resources development.

Asserting a Strong Presence in the Global Market While Capturing Customer Needs

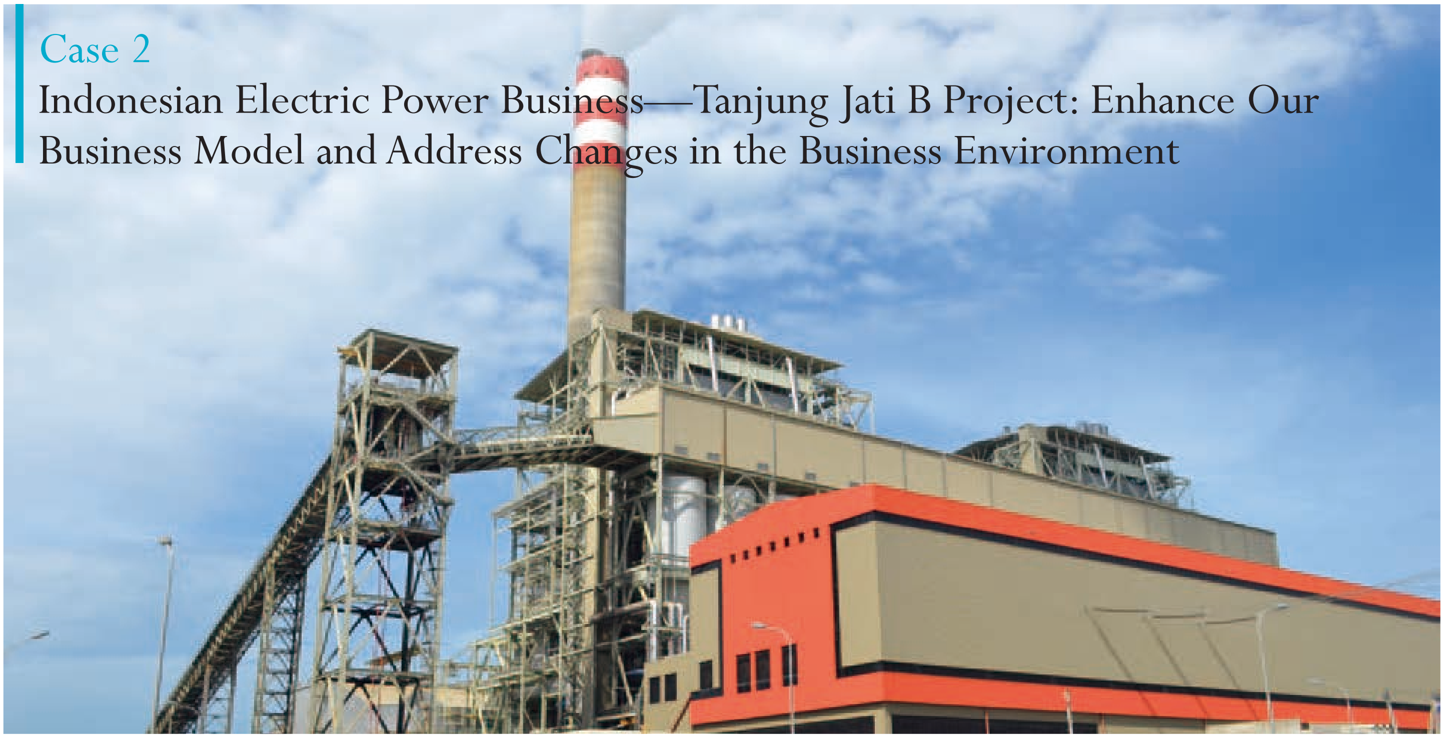
While addressing the needs of oil majors and other customers, Sumitomo Corporation conducts OCTG supply chain management at (3) sites in 12 countries worldwide, not just in North America, in its role as a total OCTG solution provider.

Looking ahead, growing global demand for OCTG is anticipated in step with the world's increasing appetite for energy. By continuing to add depth to its value chains and accumulate insights and expertise, Sumitomo Corporation will address the ever-shifting business environment and customer needs, as it endeavors to provide new value.

Generally speaking, OCTG represents 10% of drilling expenses. Sumitomo Corporation has developed an IT system to manage the movement of all OCTG it handles worldwide. It uses this system to manage and predict customers' OCTG usage and to supply products on a just-in-time basis as necessary. Inventory risk is avoided in this way.

Engineers are responsible for oil and gas well consultations. They bridge the gap between Sumitomo Corporation and client oil majors like a translator, so to speak, and propose optimal designs for specific oil and gas well environments.

Case 2
Indonesian Electric Power Business—Tanjung Jati B Project: Enhance Our Business Model and Address Changes in the Business Environment



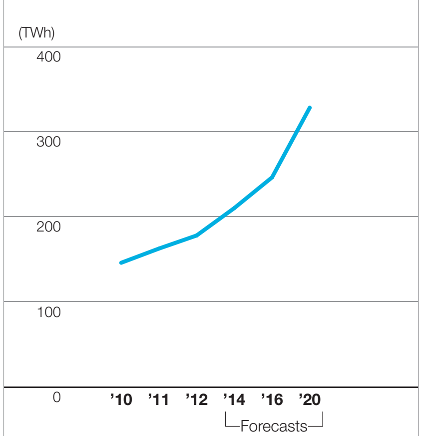
Unit 3 (completed October 2011) and Unit 4 (completed January 2012) of the Tanjung Jati B coal-fired thermal power plant

Tightening Supply-Demand for Electric Power

Indonesia has seen continuous economic growth, along with an ever-increasing population. These developments have led to persistently tight supply-demand dynamics for electric power within the country. Demand for electric power in Indonesia is projected to increase by an average rate of around 8% per year through 2020. Consequently, the development of new sources of electric power has become an urgent priority for the country.

Since entering the Indonesian market in the 1950s, Sumitomo Corporation has been engaged in the construction and operation of a diverse array of power plants in the country, including hydroelectric, thermal, and geothermal power. Through these activities, Sumitomo Corporation has underpinned Indonesia's continuously rising demand for electric power.

POWER DEMAND IN INDONESIA



Source: Ministry of Energy and Natural Resources

Completion of Expansion Work on Tanjung Jati B Coal-Fired Thermal Power Plant

Indonesia is now in the midst of an ongoing construction boom for power plants, mainly on the island of Java, driven by government-led development of new sources of electric power in order to alleviate power shortages.

In addition to Units 1 and 2 of the Tanjung Jati B coal-fired thermal power plant ("TJB") on lease since 2006, Sumitomo Corporation constructed Units 3 and 4. Unit 3 was completed in October 2011, followed in January 2012 by completion of Unit 4. All parties involved from Japan and Indonesia made a concerted effort to complete the expansion work as early as possible, sharing the vision of ensuring a stable supply of electricity in Indonesia. As a result, construction of each unit was completed more than three months ahead of schedule and achieved an output and efficiency surpassing the required levels under the contract terms.

The generation capacity of TJB totals 2,640 MW, following the start of operation of Units 3 and 4. TJB has become a crucial power station, accounting for about 13% of the power supply for the entire Java-Bali power grid in Indonesia.

Solving Issues Arising From Environmental Changes One by One

The main factors behind the success of the TJB expansion project were the adoption of the new "finance lease" business model, which was established during the Units 1 and 2 project, a high-quality product and project coordination and implementation skills backed by experience.

The progress of the TJB Units 1 and 2 project was not entirely smooth. In 1995, the TJB project was planned by a Hong Kong-based IPP*. Sumitomo Corporation joined the project as an EPC* contractor responsible for engineering, procurement and construction. However, in 1997, just as construction was proceeding smoothly, the Asian currency crisis erupted and caused the value of the Indonesian rupiah to plummet. The private-sector bank syndicate financing the project withdrew loans from the project at once, and the Hong Kong-based IPP also decided to withdraw. There was no choice but to suspend the TJB project.

At this point, about 70% of the civil work was already completed, and the equipment and facilities were already ordered. More importantly, we did not want to disappoint the people of Indonesia, who had been longing for the completion of the new power plant. Our enthusiasm drove us to repeatedly call on the government to resume the project. To restart the project, Sumitomo Corporation proposed a scheme based on a finance lease. Under this scheme, Sumitomo Corporation constructed the power plant at its own risk with a loan from lenders headed by the Japan Bank for International Cooperation (JBIC). After construction, we have continued our involvement in TJB through the local project company PT. Central Java Power (CJP) by leasing out the power plant to PT. Perusahaan Listrik Negara ("PLN").

Under this scheme, the lease fee is collected every six months, and the fee level is determined partially based on some variable parameters such as the electricity tariff and certain other factors during each period. Consequently, PLN can avoid incurring initial investment costs and can pay the lease fee from the revenues for the electricity generated at the plant. Another important feature of the scheme is that, unlike an IPP project where only electricity is supplied, the power plant itself is on lease. Therefore, the operation and maintenance of the power station and the procurement of the fuel are done by PLN in cooperation with CJP, which would transfer know-how to a local power generation operator. In addition, the ownership of the power plant facilities could be transferred to the lessee after completion of the 20-year lease period. This feature also made the proposed scheme very attractive to our Indonesian partners.

Having agreed on this "win-win" proposal for both Sumitomo Corporation and its Indonesian partners, the resumption of the project was agreed among the parties in 2001, four years after the project was suspended. We then went through a set of complex negotiations and procedures by exercising our integrated corporate strength and mobilizing a wide variety of our skills, including legal, accounting, tax, and finance and risk management functions. As a result, construction restarted in 2003 and the project was successfully completed in 2006. Despite facing drastic changes in the business environment, Sumitomo Corporation constantly strove to find the best possible solution for its Indonesian partners and itself, thereby guiding this extensive 11-year project to a successful outcome.

Looking ahead, Indonesia is expected to see continued economic development and population growth. We intend to further refine the technical, coordination and project implementation skills we have developed through past activities, as well as our relationships of trust with local partners. Through this approach, Sumitomo Corporation aims to continue growing together with Indonesia.

* IPP: Independent Power Producer
* EPC: Engineering, Procurement and Construction

TJB PROJECT BACKGROUND

Background to Completion of Units 1 and 2 (Existing Units)

September 1994: PLN and former project operator signed a power purchase agreement (PPA)

September 1995: Former project operator and Sumitomo Corporation signed EPC agreement
April 1997: Construction of power plant commenced
Second half of 1997: Asian currency crisis erupted
May 1998: Construction of power plant was suspended

March 2003: EPC agreement
May 2003: Lease and other agreements were signed
June 2003: JBIC loan agreement was signed
July 2003: Closing of finance was achieved

October 2006: Completion and lease commencement of Unit 1
November 2006: Completion and lease commencement of Unit 2

TJB Units 1 and 2

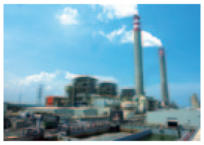
1995 2000 2005 2010 2012

(During this time, various negotiations were held on the possible purchase or leasing of the power plant by PLN. As a result, the new finance lease scheme was approved in March 2001.)

November 2008: Lease agreement was signed
December 2008: EPC agreement and JBIC loan agreement were signed
February 2009: Closing of finance was achieved

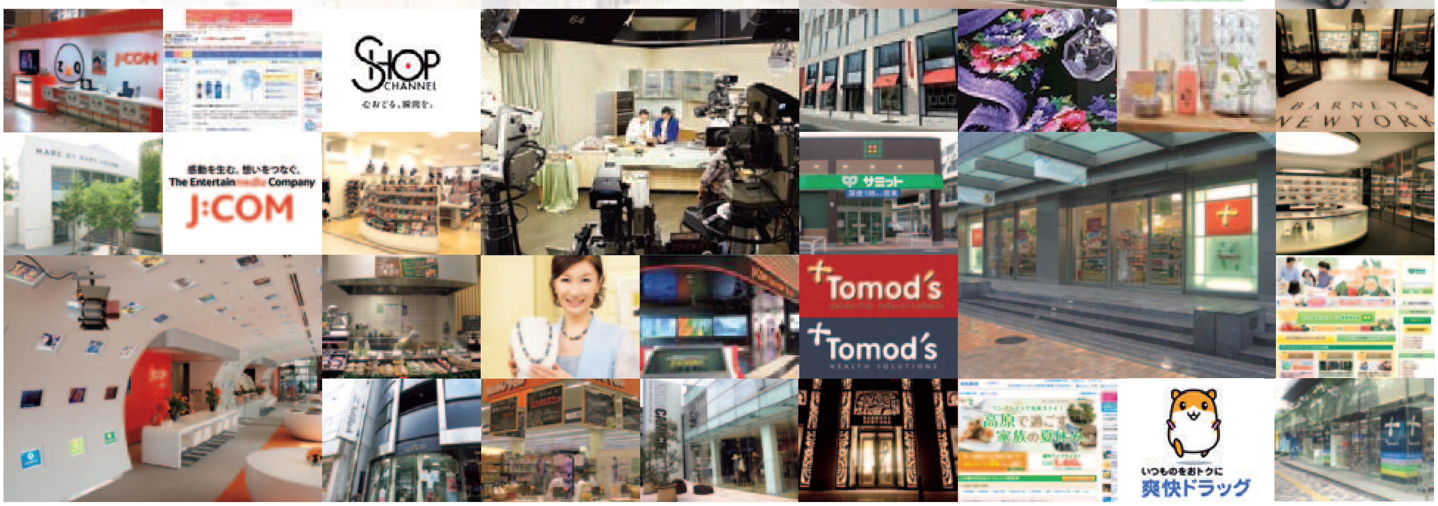
October 2011: Completion and lease commencement of Unit 3
January 2012: Completion and lease commencement of Unit 4

Background to Completion of Units 3 and 4 (Expansion Units)



TJB Units 1 through 4
(Units 3 and 4: front left)

Case 3
Overseas Expansion of Retail Business: Leveraging Our Capabilities to Cultivate Businesses



Sumitomo Corporation's Retail Strategy

Japan's consumer market is considered to be quite mature in comparison to those of rapidly growing emerging countries. However, Japan's consumer market, valued at approximately ¥135 trillion, still remains one of the world's largest and most robust markets.

Sumitomo Corporation considers retail a strategic business in the fertile ground that is the Japanese market. We have developed and cultivated a broad range of retail businesses, including supermarket, drugstore, luxury brand, TV shopping, and cable TV businesses. Our retail operations also include cellular phone sales and household goods e-commerce.

In our retail businesses, Sumitomo Corporation is currently pursuing a multi-channel retail strategy. This strategy is designed to maximize earnings opportunities by providing products and services to individual consumers through various channels, including brick-and-mortar retailers, TV, the Internet and mobile phones. Furthermore, under this unique strategy, Sumitomo Corporation has developed a distinctive business model among general trading companies. Our operating companies are industry-leading businesses in their respective fields of media, IT and retail, while collaborating and combining their strengths across business sector boundaries to create and provide new forms of value.

Going forward, Sumitomo Corporation will continue working to enlarge its retail business in the Japanese market. At the same time, we have begun extending our successful business models developed in Japan to overseas markets, with a view to enhancing our future earnings base.

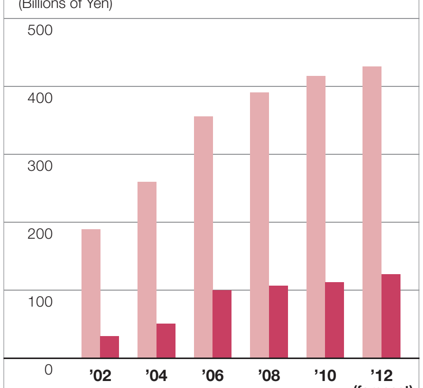
Cultivating Businesses in Japan: TV Shopping by Jupiter Shop Channel

Jupiter Shop Channel Co., Ltd. (SHOP) is a TV shopping company, with a top share of the Japanese TV shopping market. As such, SHOP is an operating company central to Sumitomo Corporation's multi-channel retail strategy. Sumitomo Corporation launched SHOP together with U.S. partner companies in an effort to bring the U.S.-developed TV shopping business model to Japan. Thereafter, Sumitomo Corporation continued to support SHOP by actively utilizing the Sumitomo Corporation Group's various capabilities, such as logistics, media and IT, in addition to allocating resources such as capital and personnel.

Although it has achieved an industry-leading position today, initially SHOP faced a process of continual trial and error. During this phase, SHOP was guided by an intense curiosity to uncover fascinating products and enjoyable programs that would delight customers. SHOP implemented a range of measures, such as developing its own unique lineup of prod-

GROWTH IN THE TV SHOPPING MARKET (Sales Amount)

(Billions of Yen)



TV shopping market
Jupiter Shop Channel

Notes: 1. TV shopping market figures are from FUJI KEIZAI CO., LTD.'s "Mail Order and e-Commerce Business Status and Outlook 2011-2012 Market Edition"
2. Jupiter Shop Channel's figures included sales via the Internet and others, in addition to TV shopping sales

ucts, which closely matched the preferences of Japanese consumers, and expanding live broadcasting hours. In addition, by leveraging its own TV studio and dedicated call center, SHOP could structure programs and replace products according to trends in product sales. Another initiative was to produce programs featuring on-air communication between the program host and customers.

Through these and other initiatives, SHOP established a solid growth path. Thereafter, SHOP has continuously refined its services to match customer needs through a range of initiatives, including the start of 24-hour live broadcasting, the expansion of its call center, the introduction of new customer service systems, and the start of operations at a state-of-the-art logistics center. Other measures include enhancing product planning and quality assurance and the start of Internet-based sales.

As with SHOP, Sumitomo Corporation guides its businesses to growth by becoming deeply involved in operations and leveraging extensive expertise in retail operations and capabilities as a trading company. In particular, our expertise in retail comes from a broad range of operations, including product planning, marketing, and brand building skills, while our capabilities as a trading company include product procurement, inventory management and logistics operations. By leveraging these existing capabilities, we make them better, and the expertise gained through this turns into new strengths. The capabilities and strengths that Sumitomo Corporation has cultivated through its businesses become the driving force behind developing future business and the creation of a strong foundation in retail business.

Extending Our Ability to Cultivate Businesses in Emerging Countries

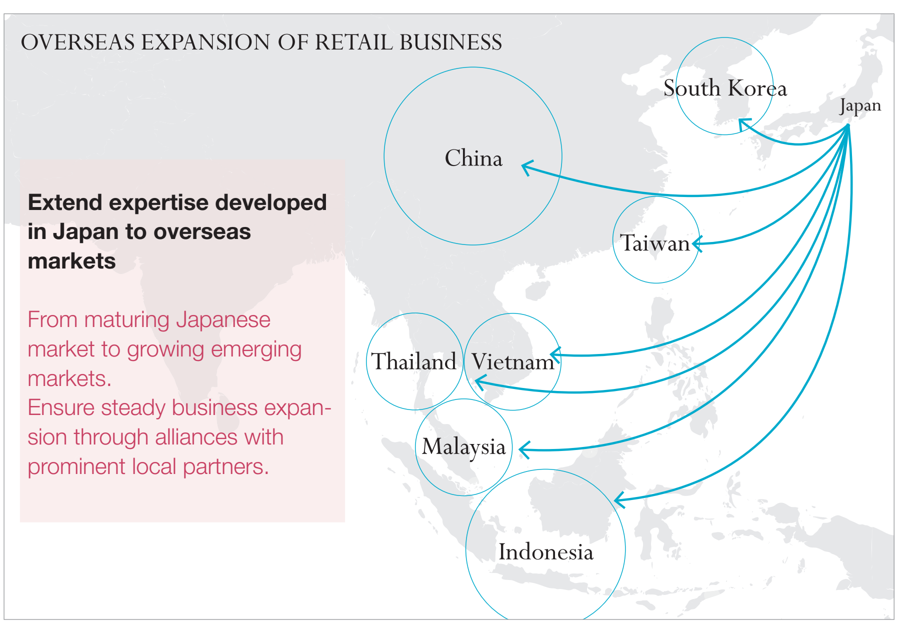
In China and other emerging countries across Asia, where rapid economic development is under way, consumer markets have expanded rapidly in step with growth in middle-income consumers. Looking towards the establishment of a future earnings base, Sumitomo Corporation will extend its ability to cultivate businesses, which were acquired through experience with retail operations in Japan, across these emerging countries, with the aim of achieving further growth.

In the TV shopping business, we aim to capitalize on trends shaping the markets of emerging countries, such as growing populations, improving income levels, and increasingly diverse consumption activity. Eyeing prominent local companies as possible business partners, we will conduct specific discussions aimed at developing overseas business operations.

In the household goods e-commerce business, Sumitomo Corporation established Sumisho E-commerce Shanghai Ltd. and PT Sumisho E-commerce Indonesia in fiscal 2011, with the aim of expanding business in China and Indonesia. In addition to network technology and IT knowledge, we aim to harness our trading company capabilities and expertise developed through our e-commerce business in Japan to expand e-commerce operations to other regions worldwide, primarily in Asia. Our goal is to increase our earnings base on a global level.

In the drugstore business, Sumitomo Corporation has established a joint venture with Mercuries & Associates, Ltd., a leading Taiwanese company, and has agreed to open a drugstore in Taipei. Mercuries & Associates operates a broad range of retail businesses, such as department stores and supermarkets, in Taiwan and China. This agreement will bring together this partner's local capabilities in logistics and product procurement and Sumitomo Corporation's strengths developed in Japan, such as the product lineup and store layout of Tomod's drugstores, along with sales promotion expertise. This will allow us to create and offer distinctive added value to customers in Taiwan.

Looking ahead, we will continue to explore the development of overseas business operations in other business fields, as we develop a future earnings base that will drive medium-term growth.



Markets being considered for overseas expansion

2 Management Stability: Risk Management Designed to Accelerate Earnings Expansion

Sumitomo Corporation positions risk management as a basic tool for ensuring management stability. Its reliable risk management system plays a crucial role in helping Sumitomo Corporation to achieve sustained growth by ensuring management stability, while laying a foundation for expanding earnings.

Question 1: What are your views on ensuring management stability, Mr. Hamada?

I believe that ensuring stable management means creating conditions for the company's management policies to be shared by all officers and employees, without any inconsistency, thereby allowing personnel to focus on their duties. To achieve this goal, a company must have a knowledgeable and assertive management team, a system for developing talented employees, a reliable risk management system and a strong financial position. I believe that an operating base capable of sustained growth is only possible when all of these elements come together.

I am responsible for supervising the risk management system. To explain this concept, let me begin by noting that Sumitomo Corporation positions risk management at the highest level of business management. It is seen as a basic tool for maximizing corporate value, not merely as an individual element. Generating a return by taking risk is a fundamental business concept. Because a general trading company's businesses span a diverse array of fields and regions, these companies are exposed to many different risks indeed. How to handle this risk poses an extremely difficult problem. Nonetheless, the degree of skill with which risk is managed will have a significant bearing on the creation of sustainable corporate value.

From an early stage, Sumitomo Corporation has incorporated risk management deeply into business management. Thereafter, Sumitomo Corporation has worked to raise the sophistication of its risk management system according to changes in the business environment. One example was the introduction of the Risk-adjusted Return Ratio* ahead of other companies. This Company-wide benchmark looks at profitability in terms of how much return is generated relative to the risk taken. (Please see pages 49–51 for details on risk management.)

Another key factor is a strong financial position. We believe that it is crucial to ensure financial soundness, taking into account such factors as the possible destabilization of financial market conditions as result of the European debt crisis. By financial soundness, we mean reinforcing a system for ensuring access to low-cost, long-term funding by securing prime fundraising sources. This also entails maintaining adequate liquidity in hand, such as cash and deposits and committed lines, in readiness for possible refinancing risks.

I believe that stable management is possible only when all of these elements have been established effectively. Management stability, in turn, lays the groundwork for future earnings expansion.

* Risk-adjusted Return Ratio = Net income/Risk-adjusted assets (maximum possible losses)

The Risk-adjusted Return Ratio is a benchmark that looks at profitability in terms of how much return is generated relative to a given amount of risk. Specifically, risk assets, or the maximum possible losses, are measured by multiplying asset values by a risk weight representing the maximum possible rate of decline in the value of each type of asset.

TOYOSAKU HAMADA
Director, Executive Vice President, CFO

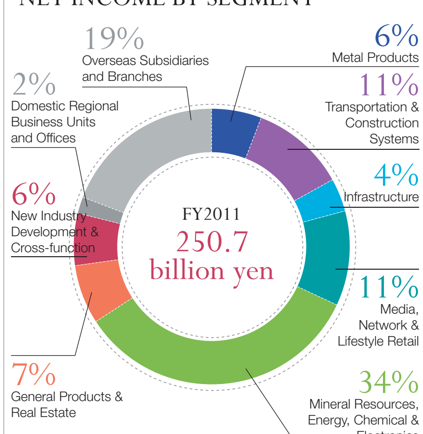
Question 2:
Could you please explain specific risk management measures you have implemented under the medium-term management plan *f*(x), in light of changes in the business environment?

The business environment surrounding Sumitomo Corporation has changed drastically. To illustrate, as the focus of economic growth shifts from the developed world to emerging countries, burgeoning demand for infrastructure and food, among other items, is anticipated in emerging countries going forward. Also, the restructuring of industry in Japan and full-fledged moves by Japanese companies to expand operations offshore are anticipated in step with change in the industrial structure. Sumitomo Corporation's business opportunities will also change in line with these developments in the external environment. Accordingly, under the *f*(x) plan, we have promoted business model innovation in response to the demands of the times.

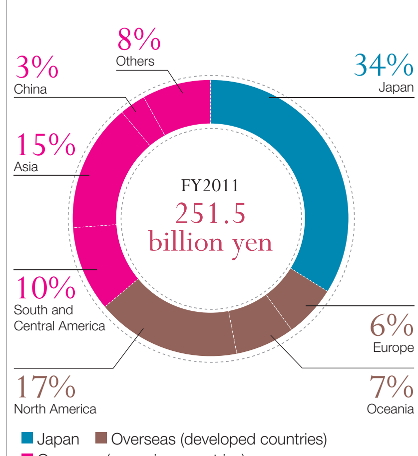
In light of current and future conditions, emerging countries have a relatively higher growth potential than developed nations. I believe that emerging countries present two main types of business opportunities. The first is business opportunities arising from emerging countries' role as a production and export base providing various resources and manufactured goods to consumers in other nations. The second is business opportunities spawned by internal demand against the backdrop of high economic growth rates and expanding populations. On the other hand, business expansion in emerging countries will lead to a significantly higher exposure to various risks including country risk.

Although emerging countries present various business opportunities, given that Sumitomo Corporation has only finite business resources, we must make investment decisions based on metrics such as the Risk-adjusted Return Ratio, ROA and the Internal Rate of Return (IRR). However, no matter how high the expected return, if we excessively concentrate our business resources on specific businesses in emerging countries, we may incur huge losses in the event that risks materialize. Therefore, portfolio management has taken on increasing importance from the standpoint of determining how to avoid excessive concentrations of business resources in a specific sector or

NET INCOME BY SEGMENT



BASIC PROFIT BY REGION



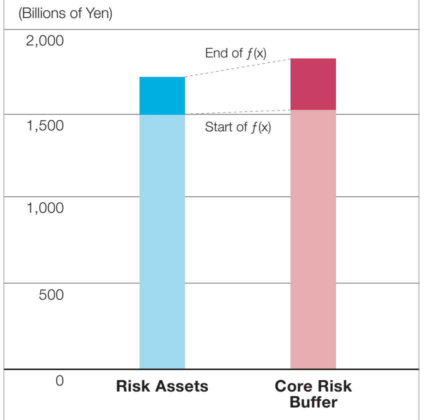
Basic Profit = (Gross profit – Selling, general and administrative expenses – Interest expenses, net of interest income + Dividends) × 59% + Equity in earnings of associated companies, net region. We have maintained a balanced portfolio in terms of sectors and regions.

Another important factor is balance sheet management. Our balance sheet is managed from the perspectives of ensuring liquidity, a proper debt-equity ratio (DER) and the amount of total assets, while taking into account financial market conditions at each point in time. At present, we must also consider factors such as the possible destabilization of the financial system as a result of the long-term entrenchment of the European debt crisis. Accordingly, Sumitomo Corporation has secured a high level of liquidity. We hold cash and deposits of more than ¥800 billion, which equates to around one-ninth of consolidated total assets of approximately ¥7,200 billion, and committed lines which enable us to raise funds in times of urgency.

We also believe that it is important to enhance shareholders' equity by recording net income in line with the management plan, while implementing risk asset management by keeping risk assets within shareholders' equity.

For the foregoing reasons, we believe that risk asset management, portfolio management and balance sheet management are particularly important themes under the ƒ(x) plan. One of the plan's key actions is to "accelerate strategic resource management," which includes these themes as well as human resources management.

RISK ASSET AND CORE RISK BUFFER* BALANCE



* Common stock + Retained earnings + Foreign currency translation adjustments – Treasury stock, at cost

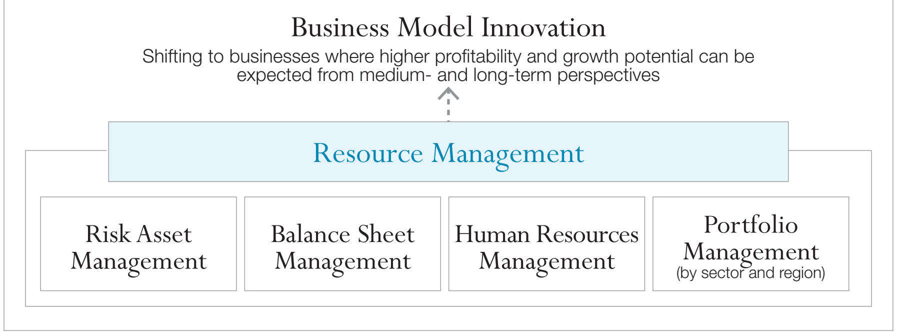
Question 3:
Could you please share your perspectives on what will be necessary to maintain stable management going forward?

Sumitomo Corporation sees risk management as a basic tool for sustaining stable management. I believe that our business segments are able to accelerate business projects knowing that they are backed by an outstanding risk management system. In this sense, I believe that it is crucial to keep the fundamental approach and framework to our risk management system unchanged. At the same time, we must allow the system to evolve in sophistication in line with changes in the business environment and management stage and to provide us the flexibility of prioritizing our risk management methods.

In my role as CFO, I will continue to tirelessly strive as before to develop an optimal portfolio that closely fits our fund procurement structure. Since fund procurement is subject to a certain degree of constraint, we will press ahead with the replacement of assets in line with our resource management policy, while remaining within our fund procurement limit. The "strategy conference" is currently held among CEO and general managers of each unit once every three months. Here, I strive to listen closely to the voice of the business unit side. At the same time, as the manager of the liabilities side of the balance sheet, I work to ensure proper communication by conveying various matters, such as "although we would like to execute as much as possible, the Company does have limitations."

In closing, I would like to say a few words about prioritizing our risk management methods going forward. Under the current ƒ(x) plan, we are focusing on strategic resource management. However, I believe that our next theme will be cash flow management. Cash flow management entails proactively controlling cash flow in line with company policies and strategies. I believe that the ability to generate cash according to business plans will take on the greatest importance in the years ahead.

RESOURCE MANAGEMENT



3 Touchstone:
Basics of Sumitomo Corporation

Sumitomo's Business Philosophy, which has been cultivated over its 400-year history, and the Sumitomo Corporation Group's Corporate Mission Statement are the fundamental and ultimate value standard of the Company, or in other words the basis for earnings expansion and management stability. These foundations are positioned at the heart of the Sumitomo Corporation Group's business activities as it aims to achieve sustained growth.

Sumitomo's Business Philosophy

Sumitomo's Business Philosophy has been inherited and adhered to by the Sumitomo Group for more than 400 years since its foundation. In essence, it tells us that "We should place prime importance on integrity and sound business activities. But, when faced with a paradigm shift, we must take the lead in striving for structural innovation. In this way we can and should create meaningful value not only for ourselves but for society as well." It implies a universal value valid enough even now.

Sumitomo Corporation Group's Corporate Mission Statement

The Sumitomo Corporation Group's Corporate Mission Statement is the redefinition of Sumitomo's Business Philosophy from a contemporary and global perspective set out in a simple and clear structure.

The first sentence, "We aim to be a global organization that constantly stays a step ahead in dealing with change, creates new value, and contributes broadly to society," constitutes the Corporate Vision of the Company.

The first article of the Management Principles, "To achieve prosperity and realize dreams through sound business activities," represents the Corporate Mission; the second article, "To place prime importance on integrity and sound management with utmost respect for the individual," represents the Management Style and the third article, "To foster a corporate culture full of vitality and conducive to innovation," represents the Corporate Culture of the Company, respectively.

The Activity Guidelines stipulate the required behavior of the Company and its officers and employees and provide the means to realize the Management Principles.

Sumitomo Corporation shall share this value standard throughout the Group, and shall practice it in each business activity to contribute to realization and improvement of the economic and social value of all stakeholders of the Company.

CORPORATE MISSION STATEMENT

CORPORATE VISION

We aim to be a global organization that constantly stays a step ahead in dealing with change, creates new value, and contributes broadly to society.

MANAGEMENT PRINCIPLES

Corporate Mission
- To achieve prosperity and realize dreams through sound business activities

Management Style
- To place prime importance on integrity and sound management with utmost respect for the individual

Corporate Culture
- To foster a corporate culture full of vitality and conducive to innovation

ACTIVITY GUIDELINES

- To act with honesty and sincerity on the basis of Sumitomo's business philosophy and in keeping with the Management Principles
- To comply with laws and regulations while maintaining the highest ethical standards
- To set high value on transparency and openness
- To attach great importance to protecting the global environment
- To contribute to society as a good corporate citizen
- To achieve teamwork and integrated corporate strength through active communication
- To set clear objectives and achieve them with enthusiasm

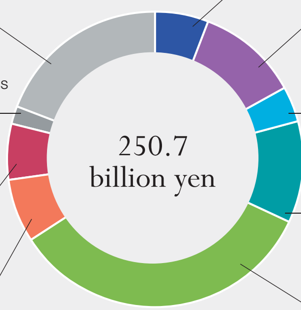
Overview of Operations

At a Glance

Sumitomo Corporation conducts business globally in 9 segments, comprising 7 product-based business units and 2 domestic and overseas regional units.

NET INCOME BY SEGMENT

(FY2011)



6% Metal Products

11% Transportation & Construction Systems

4% Infrastructure

11% Media, Network & Lifestyle Retail

34% Mineral Resources, Energy, Chemical & Electronics

19% Overseas Subsidiaries and Branches

2% Domestic Regional Business Units and Offices

6% New Industry Development & Cross-function

7% General Products & Real Estate

Metal Products

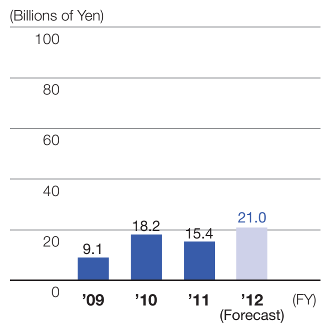
page 026

Net Income and Major Factors Behind the Change

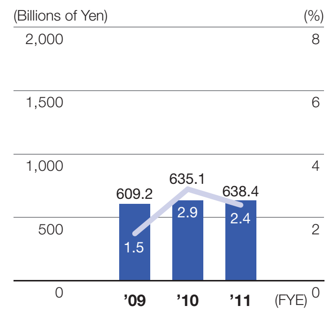
FY2010		FY2011	Increase/decrease
¥18.2 billion	-->	¥15.4 billion	−¥2.8 billion

- Decreased earnings in steel service center operations
- Temporary losses in FY2011

NET INCOME

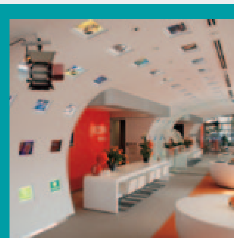


TOTAL ASSETS AND ROA



Media, Network & Lifestyle Retail

page 032

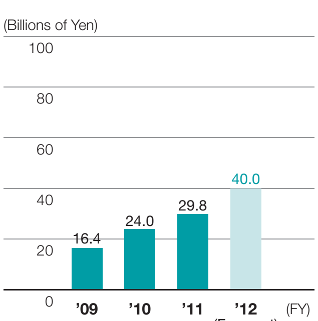


Net Income and Major Factors Behind the Change

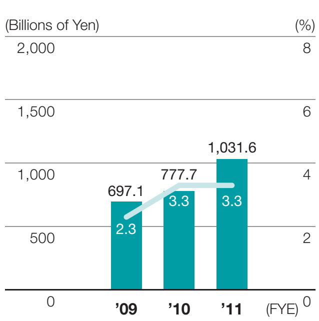
FY2010		FY2011	Increase/decrease
¥24.0 billion	-->	¥29.8 billion	+¥5.8 billion

- Contribution of SCSK
- Stable performance in Jupiter Shop Channel and J:COM

NET INCOME



TOTAL ASSETS AND ROA



Mineral Resources, Energy, Chemical & Electronics

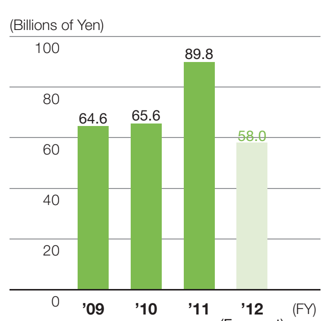
page 034

Net Income and Major Factors Behind the Change

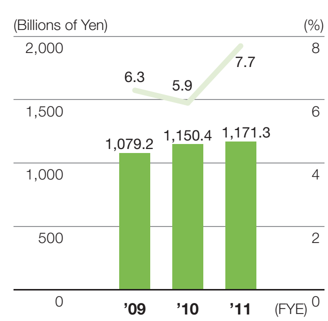
FY2010		FY2011	Increase/decrease
¥65.6 billion	-->	¥89.8 billion	+¥24.2 billion

- Strong performance of San Cristobal silver-zinc-lead mining project in Bolivia and iron ore mining businesses
- Reversal of deferred tax liability resulted from business reorganization

NET INCOME



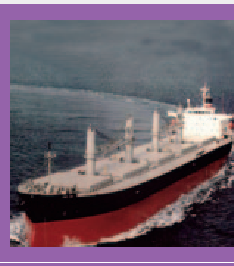
TOTAL ASSETS AND ROA



* We have prepared consolidated financial statements in accordance with International Financial Reporting Standards ("IFRSs") from the fiscal year ended March 31, 2011. The date of transition to IFRSs was April 1, 2009.
* Net income composition is the same as IFRS profit attributable to owners of the parent company, and U.S. GAAP net income attributable to Sumitomo Corporation.

Transportation & Construction Systems

page 028

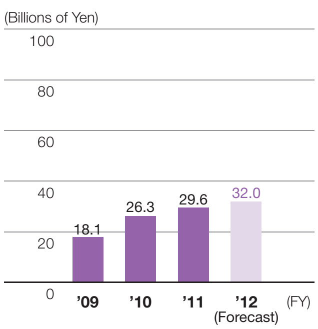


Net Income and Major Factors Behind the Change

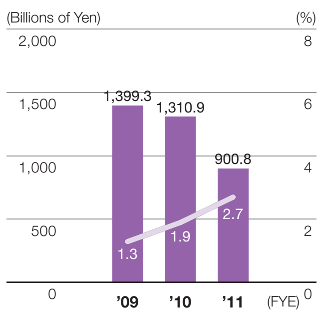
FY2010		FY2011	Increase/decrease
¥26.3 billion	--->	¥29.6 billion	+¥3.3 billion

- Stable performance in automobile and construction equipment businesses

NET INCOME



TOTAL ASSETS AND ROA



Infrastructure

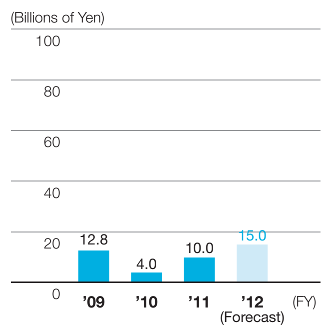
page 030

Net Income and Major Factors Behind the Change

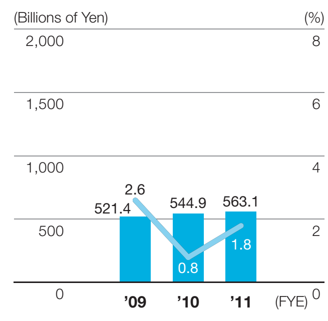
FY2010		FY2011	Increase/decrease
¥4.0 billion	--->	¥10.0 billion	+¥6.0 billion

- Increased earnings in IPP/IWPP businesses (Tanjung Jati B)

NET INCOME

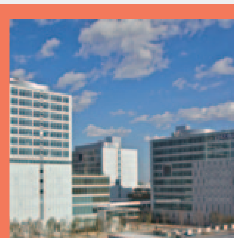


TOTAL ASSETS AND ROA



General Products & Real Estate

page 036

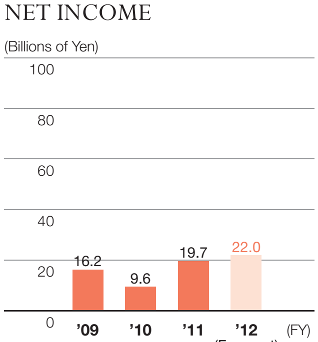


Net Income and Major Factors Behind the Change

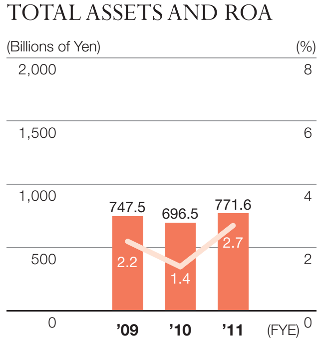
FY2010		FY2011	Increase/decrease
¥9.6 billion	--->	¥19.7 billion	+¥10.1 billion

- Strong performance in condo sales business
- Temporary losses in FY2010

NET INCOME



TOTAL ASSETS AND ROA



New Industry Development & Cross-function

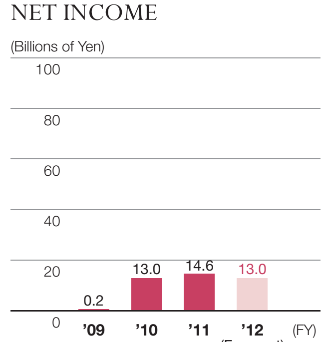
page 038

Net Income and Major Factors Behind the Change

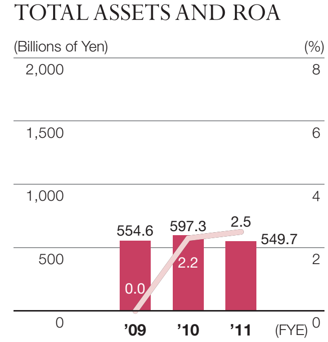
FY2010		FY2011	Increase/decrease
¥13.0 billion	--->	¥14.6 billion	+¥1.6 billion

- Stable performance in Sumitomo Mitsui Finance and Leasing
- Valuation gain due to IPO of a company we invested in

NET INCOME



TOTAL ASSETS AND ROA



Metal Products

KAZUHISA TOGASHI
General Manager,
Metal Products
Business Unit

ORGANIZATION

- Planning & Administration Dept.
- Iron & Steel Division, No. 1
- Iron & Steel Division, No. 2
- Iron & Steel Division, No. 3
- Tubular Products Division
- Non-Ferrous Products & Metals Division

Business Unit Overview

Our business encompasses various metal products, including steel products such as steel sheets and tubular products, and non-ferrous metal products such as aluminum and titanium. We have an extensive value chain that satisfies the diverse needs of customers in a broad range of fields. In the steel sheet-related field, we provide just-in-time delivery services for steel sheets products mainly to automotive and home appliance manufacturers via our worldwide steel service center network, which provides functions including procurement, inventory management, and processing. In the tubular products field, we are enhancing our functions as a total service provider by developing oil field services in addition to our own proprietary supply chain management (SCM) system for oil and gas companies. In addition, in the non-ferrous products & metals field, our priority is to expand our production and sales locations for aluminum ingot and aluminum sheets.

Business Field Overview: Actions for Target Achievement

STEEL SHEET-RELATED FIELD

We aim to fulfill growing demand and customer needs in emerging countries through business development extending from manufacturing to processing and distribution.

TUBULAR PRODUCTS FIELD

We aim to enhance the tubular products value chain in response to increased energy demand over the medium to long term.

NON-FERROUS PRODUCTS & METALS FIELD

We aim to become a global player with a balanced business portfolio of manufacturing, processing and distribution functions.

STEEL SHEET-RELATED FIELD

Business Environment

In emerging countries, demand is increasing for automobiles as well as motorcycles, home appliances and building materials, underpinned by surging consumer spending. In addition, a modal shift in transportation is driving the development of railway infrastructure around the world. Accordingly, demand for steel products, which are the raw materials for this infrastructure, is expected to continue increasing.

Strengths and Strategies

In the steel sheet business, we will capture growing demand from customers by extending and upgrading our worldwide steel service center network of 39 companies in 14 countries worldwide, mainly in China and other parts of Asia.

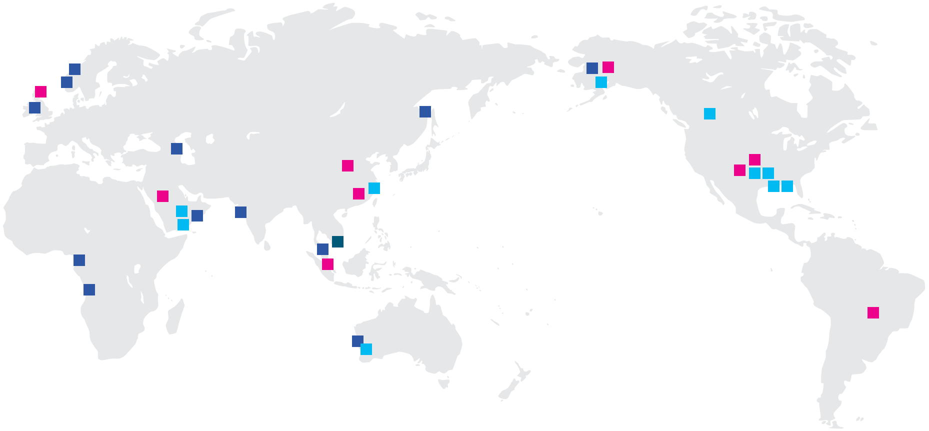
In the transportation equipment business, including railway wheels and axles, and crankshafts for automobiles, we have also developed manufacturing and sales sites in various regions around the world.

Actions for Target Achievement

In Vietnam, we have established a joint venture to conduct distribution, processing and sales of steel construction materials together with SMC Trading Investment Joint Stock Company, a

Global Tubular Products Value Chain

- Tubular products SCM project site
- Wholesaling operation
- Manufacturing company



In the tubular products field, we are globally developing a business manufacturing OCTG for crude oil and gas development projects, and establishing supply chain management (SCM) locations, targeting the needs of customers such as oil majors and state-operated oil companies. Other businesses we are developing worldwide include the line pipe manufacturing business and speciality tubular products wholesaling.

PERFORMANCE HIGHLIGHTS
(Billions of Yen)

(FY)	'07	'08	'09	'10	'11	'12 (Forecast)
Gross profit	80.2	86.4	54.1	66.1	66.8	**71.0**
Share of profit of investments accounted for using the equity method	9.0	8.8	2.9	6.0	5.0	—
Profit for the year attributable to owners of the parent	29.2	29.7	9.1	18.2	15.4	**21.0**
Basic profit	29.5	31.5	8.6	19.0	18.0	—
Total assets	755.5	645.5	609.2	635.1	638.4	—

major local steel product distributor. Through this joint venture, we will work to promote greater market penetration of high-quality construction materials in the country.

Furthermore, in North America, Sumitomo Corporation and Sumitomo Metal Industries, Ltd. acquired Standard Steel, LLC, a manufacturer of railcar wheels and axles. At the same time, we established a sales company of wheels and axles to enhance and expand sales of varied railcar products. PHOTO A

TUBULAR PRODUCTS FIELD

Business Environment

Demand for tubular products, including OCTG and oil and gas transport pipelines, is anticipated to increase steadily in the medium to long term, in response to heightened demand for energy mainly in emerging countries.

Strengths and Strategies

Our business in the tubular products field boasts an industry-leading network and trading volume. This has been achieved by developing operations that demonstrate various value-added functions globally. For example, we have built supply chain management systems providing integrated services ranging from ordering of tubular products to inventory management, processing, inspection, transportation and maintenance from our network of 13 locations in 12 countries around the world. We intend to continue enhancing the tubular product value chain we have developed so far, with the view to expanding our earnings base.

Actions for Target Achievement

In North America, we have worked to develop a seamless steel pipe manufacturing business through a joint venture with Vallourec S.A. In addition to an existing medium-diameter seamless steel pipe mill, we have invested in a small-diameter seamless steel pipe manufacturing business targeting demand from shale gas and oil development, with the view to enhancing our capability of supplying a wider range of products. PHOTO B

NON-FERROUS PRODUCTS & METALS FIELD

Business Environment

Demand for non-ferrous products such as aluminum and titanium is expected to grow with its expanding usage and applications for these products in recent years. The market for non-ferrous products should continue to expand, given the strong need to reduce the weight and improve the fuel economy of automobiles, aircraft and other transportation equipment.

Strengths and Strategies

In the aluminum business, we boast one of the highest transaction volumes in aluminum sales among Japanese general trading companies. To expand our business network further, we will accelerate the development of production locations near the growing global market for aluminum.

Actions for Target Achievement

In Malaysia, we are pursuing an aluminum-smelting project with Press Metal Berhad, the country's largest aluminum extrusion products company. In addition to the first phase of the project already in operation (with a 120,000 ton/year smelting capacity), Sumitomo Corporation plans to participate in the second phase of the project, which will raise the annual smelting capacity by 240,000 tons. Furthermore, we have teamed up in the U.S. with Sumitomo Light Metal Industries, Ltd., Furukawa-Sky Aluminum Corp. and other partners to acquire a rolled aluminum sheet manufacturing and sales company. Through this acquisition, we aim to promote an aluminum can materials business for primarily the North American and Latin American markets. PHOTO C

PHOTO A Railway wheels manufactured by Standard Steel, LLC of the U.S.

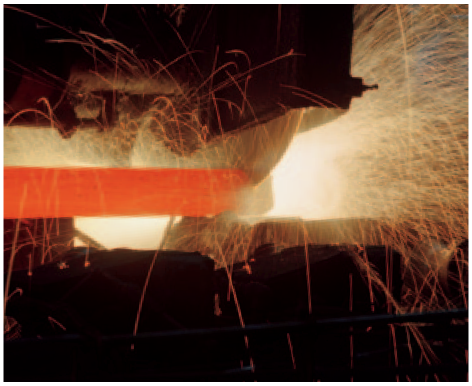


PHOTO B Cutting and processing of steel pipes at a Group seamless steel pipe manufacturing company in the U.S.

PHOTO C U.S. production of aluminum can materials at the manufacturing and sales company of aluminum sheets we acquired

Transportation & Construction Systems

ORGANIZATION

- Planning & Administration Dept.
- Ship, Aerospace & Transportation Systems Division
- Automotive Division, No. 1
- Automotive Division, No. 2
- Construction & Mining Systems Division

KAZUHIRO TAKEUCHI
General Manager,
Transportation & Construction
Systems Business Unit

Business Unit Overview

We are expanding our upstream, midstream and downstream operations in the fields of automobiles, ships, aircraft, railway and other transportation systems as well as construction equipment. In the automotive field, our growing global value chain covers manufacturing, wholesale, retail, leasing and retail finance services. In the ship, aerospace and railcar field, we are the only trading company that holds an equity stake in a shipbuilding company. We are also engaged in the ship-owning and operating business. In aircraft-related operations, we are involved in international trading in civil aircraft, engines and related equipment, and imports of defense-related equipment. Furthermore, we have strengths in export of railways, public transportation systems and railcars. In the construction equipment field, we have the highest transaction volume of construction equipment among trading companies, with construction equipment sales handled through our global network. Our value chain also covers rental operations, and we are expanding comprehensive mining equipment services. We are also developing the agricultural machinery sales business.

Business Field Overview: Actions for Target Achievement

AUTOMOTIVE FIELD

We are globally expanding our automotive value chain according to the growth stage of each country and market by capitalizing on economic growth in emerging countries, while pursuing higher efficiency in mature markets.

SHIP, AEROSPACE & TRANSPORTATION SYSTEMS FIELD

We aim to maintain and enhance a stable ship portfolio over the medium and long terms, while establishing strong earnings streams in the aerospace, railway and public transportation-related domains.

CONSTRUCTION EQUIPMENT FIELD

We aim to expand business in emerging countries, become a comprehensive mining equipment service provider, and establish a position in the construction equipment rental industry.

AUTOMOTIVE FIELD

Business Environment

Looking ahead, we anticipate sustained growth in demand in emerging countries as motorization takes hold. In developed countries with mature markets, we foresee new growth opportunities arising due to business model innovation and strategic alliances.

Strengths and Strategies

In the automotive leasing, we hold Sumitomo Mitsui Auto Service Company, Limited, which has become the largest group in Japan's auto leasing industry. We also aim to promote strategic alliances with the Hitachi Capital Group.

In finance businesses for automobiles and motorcycles in Indonesia, we will build on our strengths by shifting our focus on further improvements in quality, while expanding to peripheral businesses based on our strong customer base and operating infrastructure.

In manufacturing, KIRIU Corporation, an automobile parts manufacturing subsidiary, will install additional production lines at plants in China, India, and Mexico, as well as Thailand, in response to the rising demand for parts from automakers.

In addition, we will concentrate on automobile manufacturing operations in emerging countries. For example, we aim to further expand the manufacturing of commercial

Business Expansion Across All Segments of the Automotive Value Chain

PERFORMANCE HIGHLIGHTS
(Billions of Yen)

(FY)	'07	'08	'09	'10	'11	'12 (Forecast)
Gross profit	157.7	155.6	130.8	145.7	147.1	**114.0**
Share of profit of investments accounted for using the equity method	7.1	7.7	8.4	10.7	11.6	—
Profit for the year attributable to owners of the parent	41.6	29.3	18.1	26.3	29.6	**32.0**
Basic profit	35.3	35.1	25.0	38.2	38.6	—
Total assets	1,604.9	1,451.4	1,399.3	1,310.9	900.8	—

vehicles in India by strengthening our alliance with Isuzu Motors Limited.

Furthermore, efforts will be made to strengthen automotive sales operations in Libya, Iraq, Myanmar and other emerging countries where rapid economic development is anticipated going forward.

Actions for Target Achievement

We have established a company for production of vehicles in Mexico as a joint venture with Mazda Motor Corporation, and have begun construction of a new automobile assembly plant. This plant will supply compact cars with low fuel consumption, a category which is in increasingly strong demand, to all regions in North America, as well as Latin America. PHOTO A

SHIP, AEROSPACE & TRANSPORTATION SYSTEMS FIELD

Business Environment

Although marine freight conditions have weakened, there are growing opportunities for purchasing prime ship assets given progress on the development of environmentally friendly, energy-efficient ships. We also expect increased demand for civil aircraft over the medium and long terms, as well as burgeoning global demand for railways due to the ongoing shift in transportation mode.

Strengths and Strategies

In the ship business, we aim to maintain and enhance a highly profitable asset portfolio. This will be achieved by further bolstering our ship-owning and operating business, and by upgrading trading activities based on our strengths, namely our expansive customer base and operating infrastructure, including our investment in Oshima Shipbuilding Co., Ltd. In the aircraft field, we will work to build a new business model utilizing our finance capabilities and broad network of business connections developed through trading activities.

In the railcar business, we aim to win large orders in North America and Southeast Asia based on expertise amassed in the construction of urban railway systems.

Actions for Target Achievement

Together with Nippon Sharyo, Ltd., we have won an order for 50 gallery-type passenger railcars from Virginia Railway Express, and have delivered more than 1,000 railcars to North America on a cumulative basis, including this order. PHOTO B

CONSTRUCTION EQUIPMENT FIELD

Business Environment

Demand for construction equipment is projected to increase in emerging countries due to surging infrastructure development. In resource-rich countries, increased demand is anticipated for mining equipment on the back of active development of mineral resources.

Strengths and Strategies

Our construction equipment business in Canada has become our greatest earnings driver, thanks to diversification and active investment primarily in mine operations in past years. As a result of efforts to bolster the operating infrastructure of our sales subsidiaries in China and Russia, they have become the next largest earnings drivers after Canada. Furthermore, we are working to expand our earnings base in emerging countries by developing business in the Middle East and Asia. In Mongolia, Russia and other countries, we aim to develop a comprehensive mining equipment business closely tied to customers. In developed countries, where renting is becoming more prominent than ownership, we aim to promote the construction equipment rental business.

Actions for Target Achievement

In China, we have converted distributors in Changchun, Xi'an, Wuhan, Chengdu, and Hangzhou into our subsidiaries, while winning orders for large mining equipment for overseas mines being developed by Chinese companies. In Kemerovo Oblast, Russia, where coal development is proceeding apace, our sales subsidiary has opened the Kuzbass Office. PHOTO C

PHOTO A Commercial vehicle manufacturing in India

PHOTO B Gallery-type passenger railcar we delivered to Northeastern Illinois Railway Services Inc. in the U.S.

PHOTO C Komatsu mining machinery operating in the Kuzbass, or the Kuznetsk Basin, Russia's largest coal mining area

Infrastructure

ORGANIZATION

- Planning & Administration Dept.
- Telecommunication, Environment & Industrial Infrastructure Business Division
- Global Power Infrastructure Business Division

MICHIHIKO KANEGAE
General Manager,
Infrastructure Business Unit

Business Unit Overview

Our business unit is engaged in the overseas power infrastructure field, where we manage and operate IPP/IWPP*1 businesses worldwide; the renewable energy field, where we develop wind, geothermal and biomass power generation infrastructure; and the telecommunications field, where we conduct various telecommunications-related operations. In addition to these business fields, we conduct business in various other fields such as power plant EPC*2, water infrastructure, and industrial machinery. In the overseas IPP/IWPP field, we manage and operate plants in 10 countries around the world (net generation capacity of 5,363 MW as of March 31, 2012), including the Tanjung Jati B coal-fired thermal power plant in Indonesia. In the renewable energy field, we are ramping up our geothermal power business, in addition to our wind power generation businesses in Japan, the U.S., China and other countries. In the telecommunications field, we have focused on overseas mobile phone and broadband businesses in the telecommunications service sector.

*1 I(W)PP: Independent (Water) Power Producer
*2 EPC: Engineering, Procurement and Construction

Business Field Overview: Actions for Target Achievement

OVERSEAS POWER INFRASTRUCTURE FIELD

We aim to achieve sustained growth through strategic asset replacement and the development of selected projects in Asia and Oceania, the Middle East and North America.

RENEWABLE ENERGY FIELD

We aim to establish our position as a market leader by utilizing our vast experience and expertise we have accumulated in the power infrastructure business over many years.

TELECOMMUNICATIONS FIELD

We aim to become a fully integrated telecommunications operator that provides mobile phone, Internet and value-added services on a global basis.

OVERSEAS POWER INFRASTRUCTURE FIELD

Business Environment

Continued growth in global demand for power infrastructure is anticipated in step with the economic development of emerging economies such as Southeast Asia, China, and the Middle East.

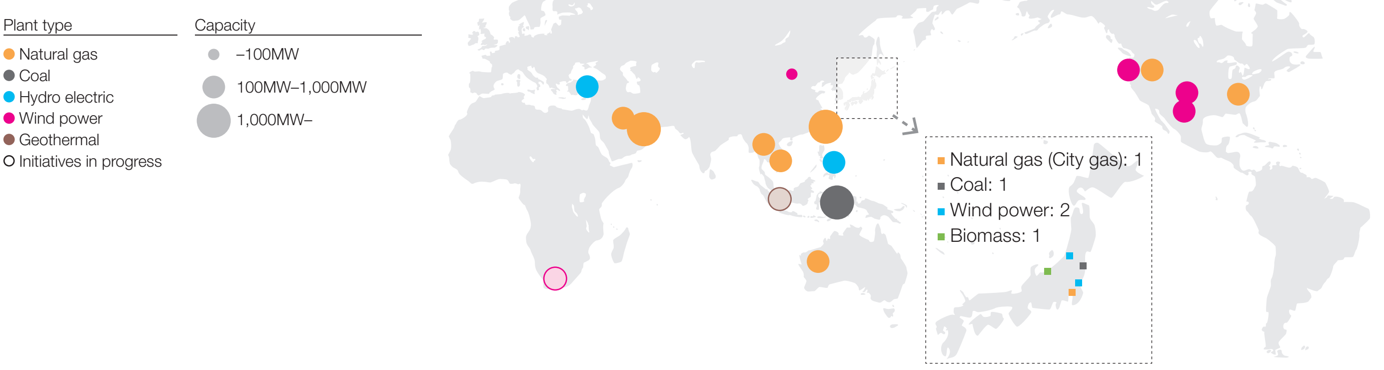
Strengths and Strategies

We aim to build an optimal portfolio on a global basis, focusing on the key markets of Asia and Oceania, the Middle East and North America, where we have extensive experience. Furthermore, we will promote greenfield start-up projects*3 in key markets and enhance our business functions by participating in facility management and operation. Our efforts will be directed at establishing a high-quality earnings base.

Actions for Target Achievement

Together with Korea Electric Power Corporation, we have taken part in the Shuweihat S3 project in the UAE—a project to develop a 1,600 MW gas-fired combined cycle power plant. In Thailand, we are working to enlarge the SPP*4 business where we supply power and steam to industrial users within large industrial parks and to the Electricity

Distribution of Electric Power Operations
(as of March 31, 2012)



PERFORMANCE HIGHLIGHTS
(Billions of Yen)

(FY)	'07	'08	'09	'10	'11	'12 (Forecast)
Gross profit	41.0	40.4	31.2	23.3	31.2	**39.0**
Share of profit of investments accounted for using the equity method	6.8	7.6	6.5	5.5	4.4	—
Profit for the year attributable to owners of the parent	18.9	16.5	12.8	4.0	10.0	**15.0**
Basic profit	16.0	16.3	9.8	4.8	8.2	—
Total assets	478.8	482.5	521.4	544.9	563.1	—

Generating Authority of Thailand (EGAT). PHOTO A

RENEWABLE ENERGY FIELD

Business Environment

Expectations toward renewable energy generation are rising with increasing international concern for global warming, rising fossil fuel prices, changes in nuclear energy policy, and other developments.

Strengths and Strategies

We have focused on developing business by utilizing our expertise and experience developed in the power infrastructure business and our insight of the regulatory and market conditions in various countries. In the wind power business, we will be a pioneer in emerging markets such as South Africa and offshore wind-generated electricity, as we continue to cultivate projects for wind-generated electricity in the U.S. and China. Through these measures, we are targeting to retain a generation capacity of 1,000 MW in the wind power business. In the geothermal power business, we have a particularly strong competitive edge in Indonesia, where we have supplied approximately 50% of the installed capacity of the country's geothermal power station infrastructure in operation. In Japan, we are working to enhance functions and expand the scale of the wind power and biomass power business Summit Energy Corporation is developing.

Actions for Target Achievement

In the U.S., together with GE and other partners, we have invested in the 845 MW Shepherds Flat wind project, the world's largest wind farm. We are also developing two wind farms with a total generation capacity of approximately 300 MW with the Duke Energy Group, one of the largest U.S. power utilities. In Indonesia, together with International Power - GDF SUEZ and PT. Supreme-Energy of Indonesia, we are developing two 220 MW geothermal power plants, which will be among the world's largest. Following completion of the plants, we will supply power from these plants to PT. PLN, the Indonesian state-owned electric utility, for 30 years. PHOTO B

TELECOMMUNICATIONS FIELD

Business Environment

The rapid proliferation of smartphones and tablet PCs has broadened the range of services provided through personally owned devices around the world. In response, telecommunications operators are under demands to provide comprehensive services as an integrated package.

Strengths and Strategies

Our strengths in the telecommunications field lie in our activities in Mongolia. MobiCom Corporation, in which Sumitomo Corporation holds a substantial stake, has consistently maintained its position as Mongolia's No. 1 mobile phone carrier since the company was founded. In 2011, MobiCom celebrated its 15th anniversary. In recognition of their contribution to the development of communications services in Mongolia over many years, Sumitomo Corporation and its partner KDDI Corporation were awarded the Friendship Medal from the President of Mongolia.

Actions for Target Achievement

Starting from the mobile phone business, MobiCom has diversified into a broad range of fields, including the Internet, video, mobile applications, electronic remittances, e-commerce and more. Using this experience and knowledge gained from MobiCom, we are working to develop fully integrated telecommunications operators elsewhere in the Asia, CIS and Pacific regions. PHOTO C

*3 Greenfield projects: projects that extend from plant construction to long-term facility operation.
*4 SPP: Small Power Producer

PHOTO A Amata B.Grimm Power Plant (Thailand)

PHOTO B Wind turbine at the Caithness Shepherds Flat Wind Farm (the U.S.)

PHOTO C MobiCom Corporation's 15th Anniversary Ceremony (Mongolia)

Media, Network & Lifestyle Retail

ORGANIZATION

- Planning & Administration Dept.
- Media Division
- Network Division
- Lifestyle & Retail Business Division

YOSHIO OSAWA
General Manager,
Media, Network &
Lifestyle Retail
Business Unit

Business Unit Overview

Throughout the ongoing trends of convergence in various media, including broadcasting and telecommunications, and increasing diversification in consumer spending patterns, the Media, Network & Lifestyle Retail Business Unit is developing integrated approaches to create and provide new value tailored to the diverse lifestyles of consumers.

In the media field, our business focus is on cable television (CATV) and content for multichannel broadcasting. In the network field, our business activities center on IT solutions, Internet-related business and mobile communications. In the lifestyle and retail field, our main businesses are TV shopping, supermarkets, drugstores, luxury brands, and apparel contract production of branded merchandise.

Business Field Overview: Actions for Target Achievement

MEDIA FIELD

We are developing services that address the needs of local communities and are essential to the daily lives of consumers by leveraging our CATV business platform.

NETWORK FIELD

We aim to create a global organization of IT professionals that drives innovation in the new information-driven society through IT and mobile technologies.

LIFESTYLE & RETAIL FIELD

We are developing business in Japan and overseas, with the aim of creating new lifestyles and experiences for consumers.

MEDIA FIELD

Business Environment

The media industry is in the process of a major upheaval, driven by the emergence of Internet-based media and new media devices, as well as the convergence of broadcasting and telecommunications.

Strengths and Strategies

Jupiter Telecommunications Co., Ltd. (J:COM), the foundation of our media business, is Japan's leading CATV provider with a market share of approximately 36% (as of September 30, 2011). We aim to develop our media business by driving further growth in J:COM.

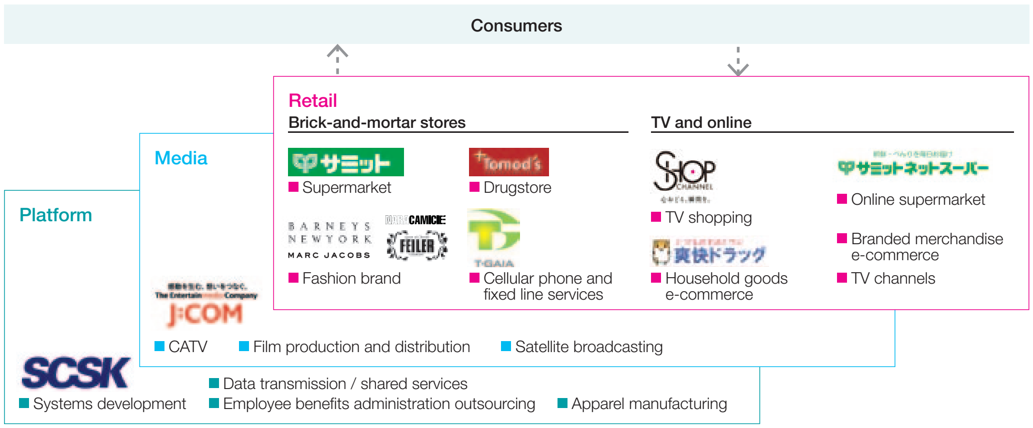
Actions for Target Achievement

J:COM is working to further increase its customer base through measures such as enhancing its multichannel broadcasting and various other digital services, strengthening sales efforts in local communities, and promoting its business alliance with KDDI Corporation. As a result, J:COM is seeing steady growth in the total number of subscribers, reaching approximately 3.64 million households as of March 31, 2012.

PHOTO A

Development of Multi-channel Retail Strategies

The Media, Network & Lifestyle Retail Business Unit is currently pursuing a distinctive cross-media retail strategy for expanding consumer reach and maximizing earnings opportunities. This includes providing products and services to individual consumers through various channels such as brick-and-mortar retailers, TV, the Internet and mobile devices.



PERFORMANCE HIGHLIGHTS
(Billions of Yen)

(FY)	'07	'08	'09	'10	'11	'12 (Forecast)
Gross profit	168.7	176.4	176.6	183.2	221.1	**221.0**
Share of profit of investments accounted for using the equity method	9.3	10.0	10.0	15.8	18.2	—
Profit for the year attributable to owners of the parent	13.8	8.5	16.4	24.0	29.8	**40.0**
Basic profit	19.1	17.5	14.6	23.2	27.3	—
Total assets	675.6	696.9	697.1	777.7	1,031.6	—

NETWORK FIELD

Business Environment

As IT utilization advances in every aspect of corporate business activity, IT services have become increasingly diverse and complex. Moreover, with the globalization of corporate business activity gathering pace, IT service companies must urgently establish global frameworks.

Strengths and Strategies

SCSK Corporation (SCSK) is our primary operating company in the IT solutions business. It was established in October 2011 through the merger of Sumisho Computer Systems Corporation and CSK Corporation. By realizing synergies through the integration of the two companies as soon as possible, SCSK aims to establish itself as an industry-leading global IT services company with a full lineup of offerings.

Actions for Target Achievement

SCSK is striving to promote cross-selling, enhance cloud-related businesses, and expand global operations. To promote these core strategies, SCSK is working to develop an organization that can combine a diverse range of services and expertise while strengthening its framework for effectively supporting customers in their global development. PHOTO B

LIFESTYLE & RETAIL FIELD

Business Environment

Japan's consumer market remains steady and one of the world's largest, valued at around ¥135 trillion. In recent years, changing consumer preferences and diversification in lifestyles have led to a rapid increase in the use of media and IT in purchasing behavior.

Strengths and Strategies

Jupiter Shop Channel Co., Ltd. (SHOP) is Japan's biggest TV shopping company, and a primary operating company in our retail business. We aim to accelerate our unique multichannel retailing strategy based on SHOP.

Actions for Target Achievement

SHOP is working to further enhance the development of attractive products and program planning, including collaboration with Sumitomo Corporation's branded merchandise business, with a view to steadily growing its customer base. PHOTO C

Having successfully developed these business models in Japan, the Media, Network & Lifestyle Retail Business Unit is working to extend its operations to overseas markets.

The main target areas are China and other emerging Asian countries, where the purchasing power of middle-income consumers is rapidly increasing due to economic development driven mainly by domestic demand.

In our household goods e-commerce business, we established operating companies in China and Indonesia during the fiscal year ended March 31, 2012.

In our drugstore business, we plan to develop business in Taiwan by establishing a joint-venture with a prominent local company by sometime around the summer of 2012.

We will study the feasibility of developing overseas businesses in TV shopping, media and other fields. Through these and other measures, we will work to build a future earnings base aimed at achieving growth over the medium term.

PHOTO A J:COM is developing services that better address the needs of local communities through its diverse interfaces with customers.

PHOTO B SCSK is developing a cloud business using one of Japan's most extensive data centers.

PHOTO C SHOP delivers attractive products year-round through uninterrupted 24-hour live broadcasting.

Mineral Resources, Energy, Chemical & Electronics

ORGANIZATION

- Planning & Administration Dept.
- Mineral Resources Division No. 1
- Mineral Resources Division No. 2
- Energy Division
- Basic Chemicals & Electronics Division
- Life Science Division

TORU FURIHATA
General Manager,
Mineral Resources,
Energy, Chemical &
Electronics Business Unit

Overview of Business Unit

We are active in the fields of mineral resources & energy, and chemicals.

In the mineral resources & energy field, we hold upstream interests in the key strategic resources of copper, coal, iron ore, crude oil and gas, as well as other mineral resources such as uranium, zinc, nickel and cobalt. In trading activities in such areas as carbon products, ferrous raw materials, petroleum and gas, we are expanding business globally, especially in China, Asia and other markets in which we expect demand to grow.

In the chemicals field, we trade in chemical raw materials, organic and inorganic chemicals, as well as cutting-edge electronic industry materials and other electronics. We also develop rare earth resources and conduct EMS* operations. Furthermore, we trade in pharmaceuticals, agricultural chemicals, household insecticides and pet-care products.

* EMS (Electronics Manufacturing Services): the provision of electronics device manufacturing services on a contract basis

Business Field Overview: Actions for Target Achievement

MINERAL RESOURCES & ENERGY FIELD

We contribute to the stable supply of mineral resources and energy through investment in upstream interests and trading activities, with the view to enabling the sustainable growth of Japan and the larger global economy.

CHEMICALS FIELD

We seek to anticipate change across a broad range of chemical materials and electronics, with the aim of contributing to the advancement of industry and technology.

Through the pharmaceutical, agricultural chemical, and pet-care businesses, we also aim to enrich the quality of daily life.

MINERAL RESOURCES & ENERGY FIELD

Business Environment

Demand for mineral resources and energy is expanding against the backdrop of economic growth in emerging countries. As the global resource majors with enormous capital come to dominate the market and emerging countries take stronger steps to secure their own resource interests around the world, the race to obtain resource interests has become increasingly fierce.

Moreover, unconventional energy sources are now being actively developed. This is particularly the case with ongoing shale gas development in North America.

Strengths and Strategies

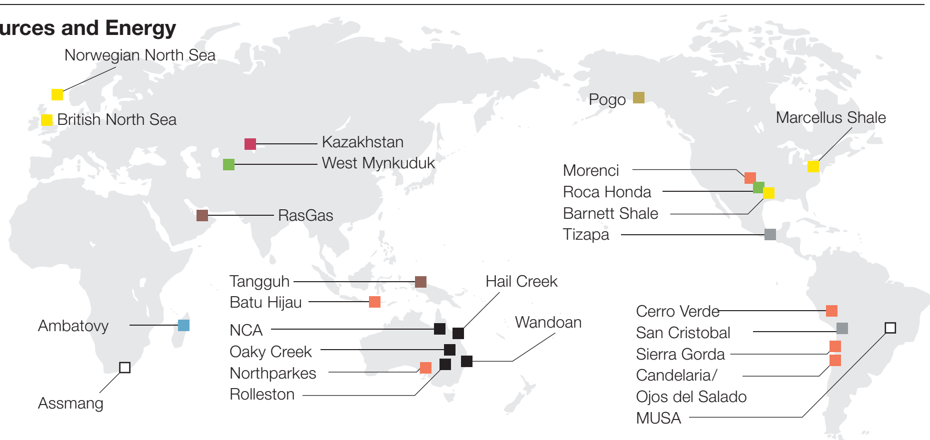
We will cautiously yet steadily upgrade and expand our portfolio of resource interests, giving consideration to time factors (start of production and mine life) and regional factors (distribution of country risk), with an emphasis on key strategic resources.

Furthermore, our people have gained invaluable experience and expertise by taking the lead in managing the San Cristobal silver, zinc and lead mining project in Bolivia, where we have assumed full ownership.

In the U.S. natural gas business, we became the first Japanese company to

Map of Upstream Interests in Mineral Resources and Energy

- Copper
- Gold
- Silver, Zinc & Lead
- Iron Ore
- Nickel
- Rare Earth
- Coal
- Uranium
- Oil & Gas
- LNG



PERFORMANCE HIGHLIGHTS
(Billions of Yen)

(FY)	'07	'08	'09	'10	'11	'12 (Forecast)
Gross profit	94.0	91.9	84.6	111.3	112.8	**108.0**
Share of profit of investments accounted for using the equity method	2.8	37.0	34.4	32.4	41.5	—
Profit for the year attributable to owners of the parent	36.7	43.2	64.6	65.6	89.8	**58.0**
Basic profit	13.4	55.9	49.5	66.7	76.8	—
Total assets	1,113.2	968.0	1,079.2	1,150.4	1,171.3	—

participate in a shale gas development project. We also operate a gas trading company in the country. By combining the shale gas development project with the functions of the gas trading company, we will work to build a gas value chain spanning upstream operations to distribution, liquefaction and LNG export operations.

Actions for Target Achievement

We are focused on steadily executing large-scale mineral resource projects.

We began production at the Ambatovy nickel mining and refining project in Madagascar in June 2012, with the aim of operating at full capacity within 2013.

We invested in Mineração Usiminas S.A. (MUSA), an integrated iron ore mining operation in Brazil, in 2010. Expansion of this operation is proceeding steadily, with the view to increasing the annual production, in which we own a 30% interest, to 29 million tons by 2015.

We aim to increase the ore reserve at San Cristobal and are continuing to explore the mine in the surrounding areas. Through these and other measures, we are working to enhance the value of this project.

Another key priority is to acquire new interests in order to strengthen our mineral resources portfolio.

In copper, we have joined the Sierra Gorda copper mine project in Chile. The Sierra Gorda project has a mine life of 20 years, with the start of production planned for 2014.

In coal, we are working to expand our existing coal mining interests in Australia, as well as acquire new interests.

In natural gas, we have entered into negotiations with Dominion Cove Point LNG, LP, a U.S.-based energy supplier, on the refining, liquefaction, and export of LNG. PHOTO A PHOTO B

CHEMICALS FIELD

Business Environment

Demand for food should increase in step with population growth and economic development in emerging countries. In this climate, increased demand is projected for agricultural chemicals and related products that improve the quality and yield of agricultural produce.

Supplying highly functional materials for use in high value-added products that are energy-efficient and environmentally friendly will also be essential. One particularly urgent priority will be to address instability in the supply of rare earths, which are crucial to next-generation automobiles.

Strengths and Strategies

Having developed the agricultural chemicals business globally since the 1990s, we will continue to expand our business areas by forming strategic alliances with leading companies.

We are also advancing a project to recover rare earth resources from uranium-ore residue, generating synergies with our uranium mining operations in Kazakhstan.

Actions for Target Achievement

In FY2011, Sumitomo Corporation invested in the Romanian company Alcedo S.R.L., an integrated supplier of agricultural materials. We have provided Alcedo's client farmers with crop protection technologies and finance, in addition to agricultural chemicals. We also formed a strategic capital alliance with Sipcam S.p.A., a leading Italian manufacturer and seller of agricultural chemicals with a strong presence in Western and Southern Europe. Combining with our strengths in Eastern Europe, we are working to regionally expand the agricultural business across Europe, while strengthening development and sales of agricultural chemicals, seeds and fertilizer.

In rare earths, we commenced rare earth production in Kazakhstan in FY2012, with the view to providing a stable supply of these resources to Japan. We are exploring the possibility of developing a new mine in Kazakhstan. PHOTO C

PHOTO A The Ambatovy nickel plant in Madagascar

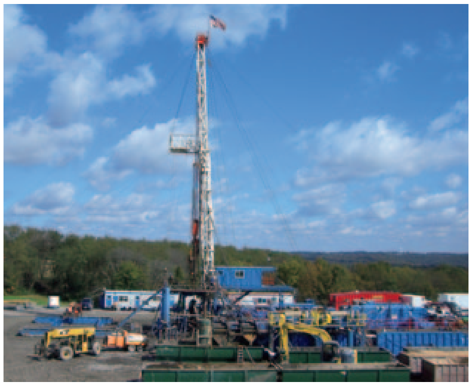


PHOTO B A land rig drilling the Marcellus Shale area in the U.S.

PHOTO C An Alcedo herbicide store newly opened in 2011

General Products & Real Estate

ORGANIZATION

- Planning & Administration Dept.
- Food Business Division
- Materials & Supplies Division
- Construction & Real Estate Division
- General Construction Development & Coordination Dept.

SHINICHI SASAKI
General Manager,
General Products &
Real Estate Business Unit

Business Unit Overview

We are active in three main business fields closely tied to daily life: food, materials and supplies, and construction and real estate.

In the food business field, we have an integrated business model that extends from food production to quality management and sales. This model puts top priority on food safety and reliability, which are important to customers.

In the materials and supplies field, we are the industry leader in various fields, including tires, ready-mixed concrete, lumber and building materials.

In the construction and real estate field, our core businesses are the leasing and management of office buildings and retail facilities, housing development and sales, and the real estate investment fund business. Efforts are also focused on large-scale, mixed-use development projects.

Business Field Overview: Actions for Target Achievement

FOOD BUSINESS FIELD

We aim to further upgrade and expand value chains by enhancing upstream operations overseas.

MATERIALS & SUPPLIES FIELD

We aim to expand earnings streams by capturing demand in developed and emerging countries where future growth is expected.

CONSTRUCTION & REAL ESTATE FIELD

We aim to conduct town development that raises international competitiveness and urban redevelopment, while developing sustainable communities with emphasis on themes such as the co-existence of people and the natural environment.

FOOD BUSINESS FIELD

Business Environment

In Asia and the Middle East, demand for grains, oils and fats, meat, and livestock feed ingredients has been increasing on the back of diversifying diets and the shift in preferences to luxury foods in step with recent economic development, not to mention population growth.

Strengths and Strategies

Our strengths in the food business field lie in upstream operations such as the grains business in Australia and the banana business in the Philippines. Looking ahead, we will continue to further strengthen business in upstream sectors while building value chains extending to downstream sectors. This will enable us to capture demand in the Asia and Middle East markets, thereby enhancing our earnings streams. In Asia and Oceania, which are major agricultural growing regions as well as consumer markets, we aim to contribute to the expansion of food production through the fertilizer business.

Actions for Target Achievement

In Australia, we are working to enhance upstream operations in the grains business.

Enhancing Upstream Operations of the Grains Business in Australia

Food production materials and supplies → Agricultural growers → Accumulation → Inland grain storage and export terminal operations → Export companies

Summit Rural Western Australia Pty. Ltd.
(Western Australia fertilizer company)

Emerald Group Australia Pty Ltd
(grain accumulation and sales company)
Australian Bulk Alliance Pty., Ltd.
(grain storage and export terminal operator)

Sumitomo Australia Pty Ltd

PERFORMANCE HIGHLIGHTS
(Billions of Yen)

(FY)	'07	'08	'09	'10	'11	'12 (Forecast)
Gross profit	122.0	111.1	101.4	99.1	100.2	**108.0**
Share of profit of investments accounted for using the equity method	2.0	1.7	0.7	3.6	4.6	—
Profit for the year attributable to owners of the parent	19.5	13.1	16.2	9.6	19.7	**22.0**
Basic profit	18.3	15.3	12.2	14.7	18.3	—
Total assets	742.0	722.2	747.5	696.5	771.6	—

As part of these efforts, we have integrated a grain accumulation and sales company and a grain storage and export terminal company. Going forward, we will expand grain exports to Asia, the Middle East and elsewhere, and bolster the value chain for grains.

In the fertilizer business in China, we established a new plant in Guangdong Province. Through expansion of fertilizer sales, we aim to contribute to growth in food production in China. PHOTO A

MATERIALS & SUPPLIES FIELD

Business Environment

In the lumber & building materials business, demand for lumber is expected to grow, supported by global population growth primarily in emerging countries.

Moreover, the tire business should continue to see burgeoning growth in demand as motorization takes hold in emerging countries. On the other hand, we do not expect a dramatic increase in tire sales volume in the U.S. However, demand for after-market services such as maintenance services is projected to continue growing strongly on the back of aging automobiles and the increasingly complex automobile mechanical structure.

Strengths and Strategies

In the lumber & building materials business, we will strive to capitalize on our experience with a prominent partner in Russia, with a view to pioneering the global market.

In the tire business, we will work to capture global demand for tires, primarily in emerging countries, with the aim of becoming an independent tire marketer spanning trading to retail operations.

Actions for Target Achievement

TBC Corporation, our tire business in the U.S., acquired Midas Inc., which is one of the world's largest auto repair and maintenance service chains with more than 1,500 service stores in the U.S. By incorporating this large network that excels in the service sector, TBC will enhance its service operations and increase the number of service locations. PHOTO B

CONSTRUCTION & REAL ESTATE FIELD

Business Environment

In office building leasing and condominium sales, demand for land in urban centers and prime properties has held firm. In addition, awareness of safety and reliability with respect to buildings and maintenance has grown stronger than before.

Strengths and Strategies

As a general property developer, we have long been engaged in the real estate business. Having prioritized properties in urban centers, where demand is strong, as a strategic field, we have developed high-quality prime properties earlier than other companies. Notably, we have developed buildings and towns that are friendly to both people and the environment.

Actions for Target Achievement

In March 2012, we completed the construction of Tokyo Denki University's Senju Campus in Tokyo. We have also begun redevelopment of the Kanda area, which includes a portion of Tokyo Denki University's Kanda Campus prior to the relocation of this university. In other projects, we have developed Terrace Mall Shonan, which opened in November 2011. Developed to match regional characteristics, this mall's shops and facilities have attracted large numbers of customers. PHOTO C

PHOTO A Fertilizer products of Summit Fertilizer (Foshan) Co., Ltd., which commenced operations in Guangdong Province, China.

PHOTO B Illustration of a Midas service store

PHOTO C Exterior view of the recently opened Terrace Mall Shonan

New Industry Development & Cross-function

ORGANIZATION

- Planning & Administration Dept.
- New Business Development & Promotion Division
- Financial Service Division
- Logistics & Insurance Business Division

YASUYUKI ABE
General Manager,
New Industry Development & Cross-function Business Unit

Business Unit Overview

Having consolidated the Group's business activities in the environment and new energy field, we are responsible for developing and promoting them from a company-wide perspective. In addition, our business unit provides high-value-added financial and logistics services. In the new industry development field, we are strategically developing and promoting new business related to solar photovoltaic power generation, environmental recycling, emissions trading, greenhouse gas reduction activities, and lithium-ion batteries, as well as venture investments targeting emerging markets and other growth fields. In the financial service field, we run a leasing business focused on aircraft with Sumitomo Mitsui Finance and Leasing Co., Ltd. (SMFL), in joint venture with the Sumitomo Mitsui Financial Group. We also operate a commodities business including derivative products as one of the largest Japanese trading companies. In the logistics field, we provide comprehensive logistics services worldwide, principally through Sumisho Global Logistics Co., Ltd. We also operate high-value-added industrial parks mainly in Southeast Asia, in countries such as Vietnam.

Business Field Overview: Actions for Target Achievement

NEW INDUSTRY DEVELOPMENT FIELD

We aim to become a major player as we enhance functions expected of this business in a low-carbon and recycling-oriented society.

FINANCIAL SERVICE FIELD

We aim to join the ranks of the world's leading aircraft leasing companies and make the most of our advanced functions in commodities trading.

LOGISTICS FIELD

We aim to upgrade and expand the overseas industrial park business and develop logistics services in growth regions.

NEW INDUSTRY DEVELOPMENT FIELD

Business Environment

Looking ahead, the structure of society will be dramatically reshaped as we approach a low-carbon and recycling-oriented society. In this climate, we should see even more opportunities to create and provide new solutions.

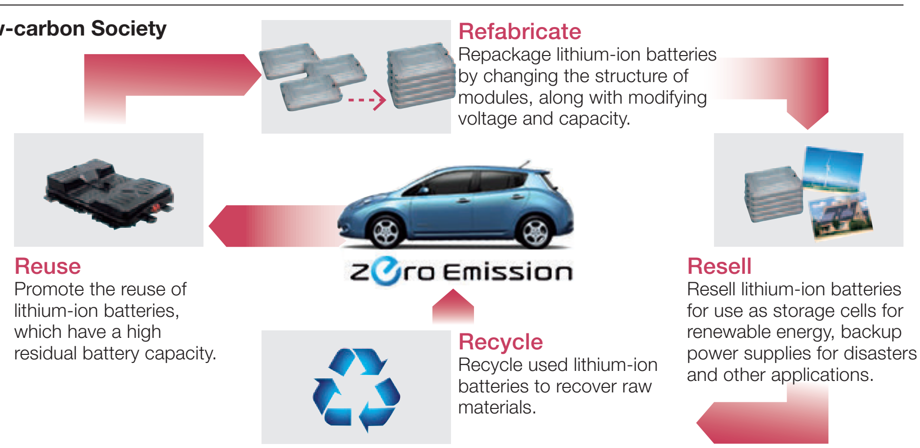
Strengths and Strategies

In the solar photovoltaic power generation field, we will use our insights nurtured in our projects in Europe to develop such projects in emerging countries. In the next-generation battery business, we are building value chains for lithium-ion batteries and pioneering new businesses derived from electric vehicles. At the same time, we are promoting smart community projects around storage batteries.

In the environmental recycling business, we have launched a recycling business for used consumer electronics and home appliances in Tianjin, China. We are now working to laterally expand this recycling business to all of China. In the future, we aim to further expand this business all across Asia as well.

In the emissions trading and greenhouse gas reduction business, we are working to develop commercial CO_2 selective permeable membranes and establish this technology as a viable business. CO_2 selective permeable

A Virtuous Recycling Loop for Creating a Low-carbon Society



PERFORMANCE HIGHLIGHTS
(Billions of Yen)

(FY)	'07	'08	'09	'10	'11	'12 (Forecast)
Gross profit	31.8	26.8	23.4	30.4	27.8	**28.0**
Share of profit of investments accounted for using the equity method	0.9	3.8	6.3	11.0	11.3	—
Profit for the year attributable to owners of the parent	5.1	(1.6)	0.2	13.0	14.6	**13.0**
Basic profit	6.1	3.8	4.9	11.7	10.0	—
Total assets	449.5	581.5	554.6	597.3	549.7	—

*FY'07–'09 results are the results from the Financial & Logistics Business Unit.

membranes are expected to make a large contribution to energy conservation.

Actions for Target Achievement

In the solar photovoltaic power generation business, we have commenced operation of a 31 MW photovoltaic power generation project in France, following projects in Spain and Italy.

4R Energy Corporation, a joint venture with Nissan Motor Co., Ltd., unveiled products including a home-use storage battery system using lithium-ion batteries for electric vehicles, with plans to enter this market. We have also established a new company for developing charging infrastructure for electric vehicles and started businesses with an eye to popularizing electric vehicles. PHOTO A

FINANCIAL SERVICE FIELD

Business Environment

In both fields of leasing and commodities trading, although demand in Japan has peaked, the markets of emerging countries in Asia and other regions are expanding. Demand for aircraft especially is expected to continue increasing going forward, mainly driven by passenger increases in step with the growth of emerging countries and the rise of low cost carriers.

Strength and Strategies

We have steadily expanded our aircraft leasing portfolio targeting worldwide markets, particularly through SMFL Aircraft Capital Corporation B.V., a joint venture with SMFL. Furthermore, we have also extended our collaboration with SMFL beyond aircraft leasing to new fields. Moreover, in the commodities field, we will use derivatives to provide risk mitigation solutions for business operators (including those in Asian countries) who are exposed to commodity price volatility.

Actions for Target Achievement

Together with the Sumitomo Mitsui Financial Group, Inc. (SMFG), we acquired the aircraft leasing business of the Royal Bank of Scotland plc (RBS). Following the acquisition, we will become one of the largest players in the aircraft leasing business with the world's fourth largest fleet of aircraft in possession and under management. By using SMFL's strong financial base and our many years of expertise in aircraft operating leases, we aim to capture the growing demand for aircraft in emerging countries through this acquisition, as we strive to further expand business. PHOTO B

LOGISTICS FIELD

Business Environment

Supply chains have diversified as a consequence of the Great East Japan Earthquake and flooding in Thailand. At the same time, we expect more Japanese companies to shift production overseas (especially among the emerging countries in Asia) as the yen continues to appreciate.

Strengths and Strategies

We are working diligently to enhance both the value-added infrastructure and services at our industrial parks in countries such as Vietnam, the Philippines and Indonesia. In addition to the sale of lots, we provide factories for rent to reduce the upfront investments, and hold regular tenant company meetings, for our clients.

Furthermore, we intend to expand existing industrial parks and develop new ones, along with expanding the logistics business in tandem with these measures.

Actions for Target Achievement

Having completed the land reclamation work, we will commence construction of a new logistics center at the Thang Long Industrial Park II in Vietnam. PHOTO C

PHOTO A 31 MW solar photovoltaic power generation project in France

PHOTO B Aircraft leasing business

PHOTO C Thang Long Industrial Park in Vietnam

Principal Subsidiaries and Associated Companies Contributing to Consolidated Results

(Billion yen)

	Shares in equity (End of FY2011) (%)	Main Business	FY2010 equity in earnings	FY2011 equity in earnings
Metal Products				
ERYNGIUM Ltd.	*100.00	Manufacturing, processing and distribution of speciality metals for OCTG market	2.1	3.9
SC Pipe Services Inc.	100.00	Investment in pipe manufacturing and sales company in the U.S.	2.1	2.8
Sumisho Metalex Corporation	*100.00	Sale of non-ferrous metal products, materials for home heat solution	1.1	1.0
Asian Steel Company Ltd.	100.00	Shearing, slitting, and sale of steel sheets	1.0	0.4
Transportation & Construction Systems				
Sumitomo Mitsui Auto Service Company, Limited	46.00	Leasing of motor vehicles	3.5	6.7
P.T. Oto Multiartha	83.86	Financing of automobiles	5.0	1.6
P.T. Summit Oto Finance	*99.56	Financing of motorcycles	4.3	0.2
Infrastructure				
MobiCom Corporation	33.98	Integrated telecommunication service in Mongolia	1.7	1.6
Perennial Power Holdings Inc.	*100.00	Development, ownership and management of power plant in the U.S.	(1.4)	1.0
Sumisho Machinery Trade Corporation	*100.00	Trading of machinery, equipment and automobiles in Japan	1.1	0.9
Media, Network & Lifestyle Retail				
Jupiter Telecommunications Co., Ltd.	40.37	Operation of multiple cable TV systems (MSO) and channels (MCO)	15.9	14.4
Jupiter Shop Channel Co., Ltd.	99.50	Operation of TV shopping channel	9.3	12.0
SCSK Corporation	*50.83	System integration, IT infrastructure implementation, IT management, BPO, IT hardware & software sales	—	6.5
Summit, Inc.	*100.00	Supermarket chain	1.8	1.8
Mineral Resources, Energy, Chemical & Electronics				
Sumisho Coal Australia Pty. Ltd.	100.00	Investment in coal mines in Australia	25.9	19.9
2 silver, zinc and lead business companies in Bolivia	*100.00	Investment in silver, zinc, and lead mine operating, and ore concentrate sales companies in Bolivia	13.5	16.0
Nusa Tenggara Mining Corporation	74.28	Investment in and financing of the Batu Hijau copper/gold mine project in Indonesia	15.4	15.1
Oresteel Investments (Proprietary) Limited	*49.00	Investment in Assmang iron ore and manganese mine in South Africa	8.5	13.5
Iron ore mining business in Brazil	*—	Iron ore mining business in Brazil	(0.0)	7.6
SC Minerals America, Inc.	*100.00	Investment in the Morenci copper mine, the Pogo gold mine in the U.S. and the Candelaria & Ojos del Salado copper mines in Chile	4.1	5.8
SMM Cerro Verde Netherlands B.V.	20.00	Investment in the Cerro Verde copper mine in Peru	3.6	3.5
2 companies with oil field interests in the North Sea	*—	Development, production and sale of crude oil and natural gas in the British and Norwegian zones of the North Sea	(1.4)	3.4
LNG Japan Corporation	50.00	Trading of LNG, investment and financing related to LNG business	1.4	2.2
Sumitomo Shoji Chemicals Co., Ltd.	*100.00	Sale and trade of chemicals and plastics	2.3	1.2
SC Mineral Resources Pty. Ltd.	100.00	Investment in the Northparkes copper mine in Australia	0.9	0.9
The Hartz Mountain Corporation	*49.00	Manufacturing, distribution, and sales of pet care products	1.0	0.5
Petro Summit Pte. Ltd.	*100.00	International trade of crude oil and petroleum products	0.2	0.3
General Products & Real Estate				
TBC Corporation	*100.00	Retail and wholesale of tires	5.1	4.7
2 companies in the banana business	*—	Import and sale of fruits and vegetables	1.7	2.0
New Industry Development & Cross-function				
Sumitomo Mitsui Finance and Leasing Company, Limited	*40.00	Finance and lease	12.9	12.6
Sumisho Aircraft Asset Management B.V.	*100.00	Aircraft operating lease	0.4	0.4
Overseas				
Sumitomo Corporation of America	100.00	Export, import, wholesale	16.0	27.8
Sumitomo Corporation Europe Holding Ltd.	100.00	Export, import, wholesale	5.4	7.3
Sumitomo Corporation Asia Pte. Ltd.	100.00	Export, import, wholesale	4.2	5.2
Total 9 subsidiaries in China	100.00	Export, import, wholesale	5.1	3.5
Sumitomo Australia Limited	100.00	Export, import, wholesale	0.9	1.2

* Shares in equity and equity in earnings for companies marked with an asterisk are the percentage shares and equity amounts company-wide including other segments.

Corporate Governance and Business Operating Structure

Corporate Governance

Business Operating Structure

Corporate Governance

Corporate Governance System

We believe that the ultimate goals of corporate governance are "improving management efficiency" and "maintaining sound management" as well as "ensuring management transparency" to achieve the first two goals. Based on this belief, we are working to establish a corporate governance system that serves the interests of shareholders and all other stakeholders.

Past Initiatives to Strengthen and Enhance Corporate Governance

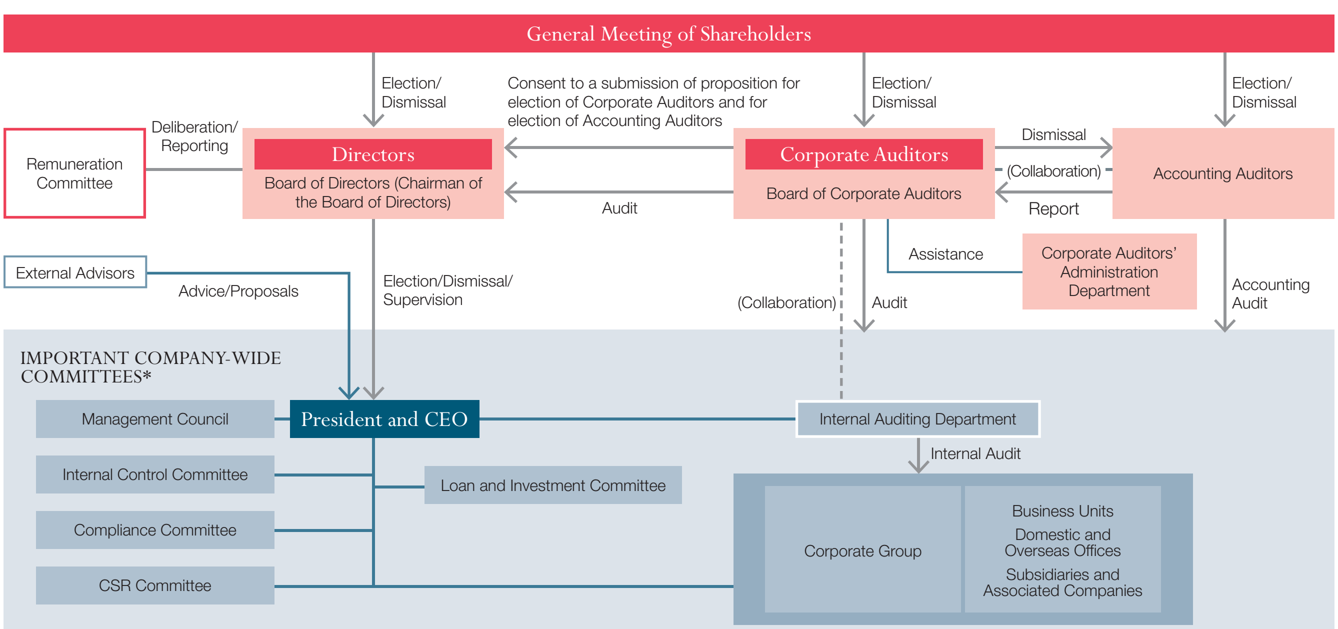
To date, we have strengthened and improved our corporate governance system through initiatives covering many points, such as optimizing the size of the Board of Directors, setting term limits for the Chairman of the Board of Directors and the President and CEO, shortening the terms of Directors, establishing advisory bodies, strengthening the corporate auditors system, introducing an executive officer system, and appointing external advisors.

Our approach to corporate governance is embodied in the "Sumitomo Corporation Corporate Governance Principles," which can be accessed from the following web page.
URL: http://www.sumitomocorp.co.jp/english/company/governance/detail01.html

Features of Our Corporate Governance System

Even after companies could choose to adopt a corporation with a committees based system of corporate governance as a result of revisions to the Commercial Code in 2002, we have maintained our existing corporate auditor system while enhancing and reinforcing it through auditing from diversified external viewpoints and with opinions and advice from additional external advisors, which, we believe, is the most legitimate means of improving the effectiveness of our corporate governance. Based on "Sumitomo's Business Philosophy," we have established the Sumitomo Corporation Group's Management Principles and Activity Guidelines, and work to enforce these principles and guidelines among all officers and employees, in order to share the basic values that must be respected by the Sumitomo Corporation Group, including compliance with laws and regulations. From the perspective of maintaining sound management,

THE COMPANY'S CORPORATE GOVERNANCE SYSTEM



* Management Council: Exchange of opinions and information on basic policy and important matters related to management
The Internal Control Committee: Overall management and timely evaluation of internal controls, and the development, implementation and promotion of basic internal control policies, among other duties
Loan and Investment Committee: Deliberation of important matters, such as investment and financing
Compliance Committee: Enhancement of Group compliance focused on "maintaining sound management"

we have developed a system for ensuring compliance with laws and regulations by establishing a Compliance Committee and introducing a "Speak-Up System" for internal reporting, among other measures. Guided by the belief that management itself must conduct its duties with high ethical standards, we have clearly stated in the "Sumitomo Corporation Corporate Governance Principles" that in principle, the Chairman of the Board of Directors and the President and CEO are each limited to terms of up to six years.

We will monitor global trends and legislation concerning companies while preserving our corporate culture as a Japanese company. At the same time, we will observe the benefits of different corporate governance frameworks in other countries.

Thus, Sumitomo Corporation will continually study the most appropriate corporate governance system.

Framework for "Improving Management Efficiency" and "Maintaining Sound Management"

Directors and the Board of Directors

■ Optimization of Size of Board of Directors

We halved the number of Board members from 24 in 2003. As of July 2012, the Board has 12 members. Through this optimized Board of Directors, which oversees the operations of the business and serves as the Company's decision-making body concerning key management matters, we aim to facilitate substantial and active discussion as well as to promote greater efficiency and effectiveness in the decision-making process.

■ Limiting Terms of Directors

In June 2005, the terms of Directors were reduced from two years to one year. We aim to clarify the responsibility of management among members of management each fiscal year. This, in turn, helps ensure fast reaction times to changes in business conditions.

■ Limits on Terms of the Chairman of the Board of Directors and the President and CEO

In principle, the positions of Chairman of the Board of Directors and the President and CEO are clearly defined and separate in order to ensure mutual supervision and both positions cannot be held simultaneously by one person. In principle, the Chairman of the Board of Directors and the President and CEO are each limited to terms of six years. These limitations on the tenure of top management help minimize the possibility of governance problems.

■ Establishment of the Advisory Body to the Board of Directors

With the aim of enhancing the transparency and objectivity of decision-making processes with regard to the remuneration of Directors and Executive Officers, we established the Remuneration Committee. Functioning as an advisory body to the Board of Directors, no fewer than half of the Committee members are from outside the Company. The Remuneration Committee is in charge of studying remuneration and bonuses of Directors and Executive Officers, and reports the results of its studies to the Board of Directors.

PARTICULARS REGARDING THE REMUNERATION OF THE COMPANY'S DIRECTORS

Particulars regarding the remuneration of the Company's Directors and Corporate Auditors for fiscal 2011 are as follows:

Classification	Number of payees	Total amount of remuneration, etc.	Additional information
Directors	14 persons	1,274 million yen	The breakdown of the total remuneration in the column to the left is as follows: (1) Monthly remuneration 837 million yen (2) Bonuses resolved at the 144th Ordinary General Meeting of Shareholders 301 million yen (3) Amount recorded as expenses for granting the Tenth New Share Acquisition Rights (issued on July 31, 2011) 20 million yen (4) Amount recorded as expenses for granting the Sixth New Share Acquisition Rights (for a stock-linked compensation plan) (issued on July 31, 2011) 90 million yen (5) Amount recorded as expenses for granting the Fifth New Share Acquisition Rights (for a stock-linked compensation plan) (issued on July 31, 2010) 26 million yen
Corporate Auditors (particulars relating to Outside Corporate Auditors)	5 persons (3 persons)	125 million yen (38 million yen)	The remuneration in the column to the left is the aggregate total of the Corporate Auditors' monthly remuneration.

1. As of the end of the fiscal year, we had 12 Directors and 5 Corporate Auditors.
2. No Director of the Company is concurrently an employee of the Company.
3. The maximum amount of monthly remuneration to Directors is 75 million yen per month, resolved at the 118th Ordinary General Meeting of shareholders held on June 27, 1986.
4. The maximum amount of monthly remuneration to Corporate Auditors is 11 million yen per month, resolved at the 125th Ordinary General Meeting of shareholders held on June 29, 1993.

Corporate Auditors and the Board of Corporate Auditors

■ Enhancement of Corporate Auditing Framework

To further strengthen external views within the corporate auditing framework, we added one external auditor in June 2003, bringing the number of external auditors to three out of the five members on the Board of Corporate Auditors. Of these three, two are legal experts (a former Public Prosecutor General and a former President of the Tokyo High Court) and one is an accounting expert—ensuring an auditing system that incorporates a diversity of perspectives. The three external auditors possess a high degree of independence, such as by satisfying the conditions for independent officers stipulated by the listing rules of Japanese stock exchanges.

■ Ensuring Audit Effectiveness

Corporate Auditors attend meetings of the Board of Directors and all other important internal meetings, to obtain the information necessary for proper auditing. Corporate Auditors also meet the Chairman of the Board of Directors and the President and CEO every month to exchange opinions on material issues regarding management policy and auditing. Moreover, the Corporate Auditor's Administration Department is assigned to assist Corporate Auditors, so that the auditing system functions effectively and without hindrance.

Reason for selection and the profile of the Outside Corporate Auditors are as follows.

AKIO HARADA

REASON FOR SELECTION

Akio Harada has a broad range of expertise and long years of experience as both a prosecutor and lawyer. He was selected and asked to perform audits from a broad perspective on the grounds his character and insight are most suited for the position.

PROFILE

December 1999	Chief Prosecutor, Tokyo High Prosecutors Office
July 2001	Prosecutor General
October 2004	Admitted to the Bar (incumbent)
June 2005	Corporate Auditor of Sumitomo Corporation (incumbent)

TSUGUOKI FUJINUMA

REASON FOR SELECTION

Tsuguoki Fujinuma has a broad range of expertise, including on matters of finance and accounting, and long years of experience as an accountant. He was selected and asked to perform audits from a broad perspective on the grounds his character and insight are most suited for the position.

PROFILE

June 1993	Representative Partner, Showa Ota & Co. (now Ernst & Young ShinNihon LLC)
May 2000	Chairman, International Federation of Accountants
July 2004	Chairman, The Japanese Institute of Certified Public Accountants
July 2007	Advisor, The Japanese Institute of Certified Public Accountants (incumbent)
June 2008	Corporate Auditor of Sumitomo Corporation (incumbent)

MUTSUO NITTA

REASON FOR SELECTION

Mutsuo Nitta has a broad range of expertise and long years of experience as both a judge and lawyer. He was selected and asked to perform audits from a broad perspective on the grounds his character and insight are most suited for the position.

PROFILE

December 2004	President of the Tokyo High Court
April 2007	Admitted to the Bar (incumbent)
October 2007	Commissioner of the Tokyo Metropolitan Public Safety Commission
June 2009	Corporate Auditor of Sumitomo Corporation (incumbent)

■ Collaboration between Internal Auditing Department and Accounting Auditors

To ensure audit efficiency, Corporate Auditors interact closely with the Internal Auditing Department, receiving reports on internal audit plans and their results in a timely manner. In addition, Corporate Auditors exchange information with and monitor the auditing activities of the Accounting Auditors through regular meetings. By attending audit review meetings with the Accounting Auditors and observing inventory audits, the Corporate Auditors constantly work to improve audit efficiency and quality. Furthermore, Corporate Auditors attend meetings of the Internal Control Committee and request reports on the status of internal control systems from other departments responsible for internal control, along with their cooperation on audits.

Introduction of an Executive Officer System

We have introduced an executive officer system with the aim of clarifying the responsibilities and authority for execution and strengthening the monitoring function of the Board of Directors. We currently have 42 Executive Officers (as of July 31, 2012) selected by the Board of Directors. Of these, 11 Executive Officers also serve concurrently as Directors, including seven who are also General Managers of Business Units. In this way, we aim to prevent gaps between decisions made at Board of Directors meetings and the execution of those decisions.

Appointment of External Advisors

Management Council members meet with outside specialists employed as external advisors to incorporate outside perspectives into our management. In this way, external advisors provide us with advice from diverse perspectives on various themes related to management issues. External advisors also give speeches and lectures in their respective areas of expertise, such as leadership and career development, to employees at various levels within our organization.

Message from an Outside Corporate Auditor

MUTSUO NITTA
Outside Corporate Auditor
Attorney at Law
Appointed as outside corporate auditor in 2009

For 40 years, I have worked at the courts as a judge or in the judicial branch, supporting trials and the courts, as a judicial officer. I was appointed as an outside corporate auditor of Sumitomo Corporation in 2009. When I was first appointed, I felt that my role as a judge, where I interpreted and judged past events in light of evidence and the law, was diametrically opposed to the role of Sumitomo Corporation, which aims to "constantly stay a step ahead in dealing with change and create new value." However, I developed a deeper understanding of Sumitomo Corporation's Management Principles and its underlying foundation—the 400-year old "Sumitomo's Business Philosophy." In the process, I began to realize that my past experience and Sumitomo Corporation have much in common in terms of "making judgments based on a proper assessment of matters." At Sumitomo Corporation, Sumitomo's Business Philosophy and the Management Principles provide the basis for all activities and value judgments, and are deeply ingrained in the organization. I believe that they constitute the very foundation of corporate governance at Sumitomo Corporation.

Let me discuss an example of one of the systems that we are using to raise the effectiveness of corporate governance. The Company provides an opportunity every month for the outside corporate auditors to openly discuss a range of topics with the Chairman and President, ranging from current affairs to progress on important projects. At every meeting, the outside corporate auditors receive detailed explanations from the Chairman and President about how they view the changing business environment, as well as matters such as the background to key projects and how these projects are progressing. In response, we ask various questions and express opinions from an external perspective. In this manner, I believe that Sumitomo Corporation's corporate governance is functioning effectively by combining a sound basis for value judgments provided by Sumitomo's Business Philosophy and other principles with effective systems.

The courts are also similar to general trading companies in that both are organizations underpinned by people. In this sense, among the four key actions of the $f(x)$ plan, I am strongly interested in "Strengthening Human Resources Management." How will Sumitomo Corporation nurture human resources that generate maximum value without straying? Although this is a difficult theme, Sumitomo Corporation has made steady progress with these measures. I am confident that this progress will ultimately lead to Sumitomo Corporation's sustained growth.

Message from an External Advisor

MINORU NODA
External Advisor
Professor, Graduate School of Global Business, Meiji University
Appointed as External Advisor to the Company in 2011

When I was working for a prominent think tank, I used to conduct consumer behavior analysis. However, once I came to the realization that the most powerful factor that moves markets is people, I have consistently focused on people in organizations. Based on that theme, in recent years, I have been working on how to energize middle management and building their organizations.

Just over a year has passed since I was inaugurated as an external advisor of Sumitomo Corporation. I perceive that a business approach based on "Sumitomo's Business Philosophy"—in other words, a culture that emphasizes sincerity and soundness while valuing trust, has become an integral part of this company. Meanwhile, I want to encourage even more internal communication within Sumitomo Corporation. Abundant communication between employees produces a variety of cultural exchange. This process will help the company to expand beyond its traditional business domains, and I expect that this will lead to the creation of new value.

Japanese integrated trading companies have had diverse values because their business models involve extensive business operations. Beginning this year, in my responsibility as a facilitator, I have intentionally provided forums from the perspective of linking people together for members of senior management to communicate across divisional boundaries. By having this dialogue, people have been inspired to think more expansively, deeply and outwardly. My goal is to lay the groundwork for a new drive to boldly create new value.

Today, the world is in the midst of a period of drastic structural change. From the Meiji era to the present day, Japan has transformed its industrial structure extremely skillfully under government leadership. From now on, however, the private sector must take the lead in transforming the nation's industrial structure. I believe that trading companies are uniquely positioned to fulfill this duty in Japan today. Therefore, I have extremely high hopes for Sumitomo Corporation going forward.

System for Ensuring Management Transparency

Basic Policy on Information Disclosure

To bring an accurate understanding of the Company's management policies and business activities to all our stakeholders, we shall strive to make full disclosure, not limiting ourselves to the disclosure of information required by law but also actively pursuing the voluntary disclosure of information.

Communicating with Shareholders and Other Investors

■ Encouraging the Execution of Voting Rights at the General Meeting of Shareholders

We send out a Notice of Convocation to shareholders three weeks prior to each regularly scheduled General Meeting of Shareholders. For the convenience of overseas shareholders, we also provide an English-language translation of the notice on our website. We have allowed our shareholders to exercise their voting rights via the Internet using personal computers since 2004 and via the Internet using mobile phones since 2005. In 2007, we introduced the Electronic Voting Platform operated by Investor Communication Japan, Inc. (ICJ), instituted by Tokyo Stock Exchange, Inc. and others. The new platform allows institutional investors sufficient time to thoroughly examine the propositions to be resolved at the meeting.

■ Disclosure of Various Information

Our corporate website endeavors to ensure the provision of proactive and timely disclosure of various documents and materials containing information that may be useful in making investment decisions. These documents and materials include financial results, *yukashoken houkokusho* (Japanese annual securities reports), and the Company's presentation materials. Moreover, the website provides Sumitomo Corporation's Annual Report, Report on Responsibility & Sustainability and SC NEWS, the Group's public relations news magazine. The website also presents features compiled to introduce Group-wide topics such as the projects the Company operates all over the world.

■ Investor Relations

In addition to working to enhance the disclosure of information on our website, in order to ensure direct communication with shareholders and other investors, we hold quarterly meetings attended by management to provide information on our financial results for analysts and institutional investors. For overseas investors, we periodically visit the United States, the United Kingdom, and other countries in Europe and Asia to hold one-on-one meetings with investors in each region. In addition, in fiscal 2004 we began regularly holding meetings with individual investors in Japan. In fiscal 2011, we held six such meetings in five cities, attended by a total of 1,500 individual investors.

While working to strengthen and enhance our corporate governance structure and systems, from the perspectives of "improving management efficiency" and "maintaining sound management," we will continue to further strengthen internal auditing, risk management and compliance, to further improve the effectiveness of internal control.

Website

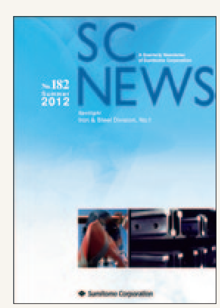
Homepage
http://www.sumitomocorp.co.jp/english/

Investor Relations
http://www.sumitomocorp.co.jp/english/ir/

Publications

Annual Report

Report on Responsibility & Sustainability



SC NEWS

Internal Control and Internal Audits

The Sumitomo Corporation Group has strengthened its internal controls in order to retain the trust of all its stakeholders.

Internal Control

The Sumitomo Corporation Group is formed of seven Business Units as well as regional organizations in Japan and overseas. The Business Units, organizations and Group companies collectively work together in broad business fields. It is essential that we provide a uniform standard in operational quality at these businesses, irrespective of their business sector or region. This standard must also meet the expectations of our stakeholders.

From this perspective, we have continually improved our general operation to further strengthen the Group's internal control since 2005. This improvement effort is based on the result of evaluations that we have performed using a comprehensive checklist. The checklist covers various points pertaining to general operations that should be common across the Group, including risk management, accounting and financial controls and compliance.

Furthermore, we have defined specific internal controls, which have been extracted through analysis of past loss scenarios, etc., as important points that must be strengthened thoroughly on a Company-wide level.

In August 2010, we launched the Internal Control Committee, which is responsible for the management and evaluation of overall internal control across the entire Sumitomo Corporation Group and the development and implementation of basic policies on internal control. The committee promotes Group-wide activities to strengthen our internal control, such as updating the aforementioned checklist to address recent changes in laws and other rules within and outside the company, introducing past cases of loss situations arising from deficiencies in internal controls, and upgrading related instructional materials. Our Business Units and regional organizations in Japan and overseas continue to implement internal control enhancement activities as in previous years. These "internal control activities" specifically refer to the planning, implementation, evaluation and improvement of our internal control systems and processes. Each organizational unit carries on these activities continuously on a daily basis with timely and optimal support from its Planning & Administration Department, contributing to the sustainable growth and development of the Group.

Initiatives for Enhancing the Quality of Operations

The Sumitomo Corporation Group has actively implemented the improvement and monitoring of internal control systems required by law under the Japanese Company Law and the Financial Instruments and Exchange Law on a Company-wide level. We considered these legal obligations as a prime opportunity to promote such improvement in the quality of our operation, as we have implemented ahead of legislative measures around the world.

The Japanese Company Law, which came into effect in May 2006, calls for companies to establish "systems ensuring that the execution of duties by directors conforms to legal regulations and their Articles of Incorporation as well as systems ensuring that business processes are handled appropriately." Sumitomo Corporation fulfills the requirements of this law and the Internal Control Committee monitors the operation of such internal control systems.

To comply with the internal control reporting rules stipulated in the Financial Instruments and Exchange Law, which took effect on April 1, 2008, we evaluate the effectiveness of our internal controls as of the fiscal year-end with regard to the Group's financial reporting, through documentation and testing throughout the year, as required by law.

Through the aforementioned efforts and measures, the Sumitomo Corporation Group aims to continuously improve the quality of its operations.

Internal Audits

The Internal Auditing Department, which reports directly to the President, was established as an independent organization to monitor Company-wide operations. Internal audits are performed at all organizations within the Company and Group companies. All the internal audit results are reported directly to the President after each internal audit, and reported regularly to the Board of Directors.

The Internal Auditing Department checks comprehensively organizations' assets, the way of risk-management, status of compliance and business processes to find their problems and risks inherent. The Internal Auditing Department helps to raise the quality of organizational management by encouraging voluntary improvements and evaluating the effectiveness and the validity of each process.

Compliance

Positioning compliance as a basic premise for all corporate activity, Sumitomo Corporation is building a compliance structure in accordance with clearly defined policies. In maintaining strict adherence to this compliance structure, we are ensuring our existence as a going concern and securing our credibility and status.

Policies and the Reporting Structure of Corporate Compliance

It is our policy that both officers and employees should never risk transgression in pursuit of profit for the Company. In order to promote compliance, Sumitomo Corporation established the Compliance Committee under the direct supervision of the President and CEO. The Compliance Committee is responsible for preparing the Company's Compliance Manual and distributing it to all officers and employees. The Compliance Manual covers the following 19 Compliance Guiding Principles to ensure the Company's bottom line: "If there is even a trace of doubt, don't do it." If a potential compliance problem is detected, we continuously encourage our employees to report it to their supervisors or the relevant departments immediately, so that the best countermeasures can be implemented swiftly.

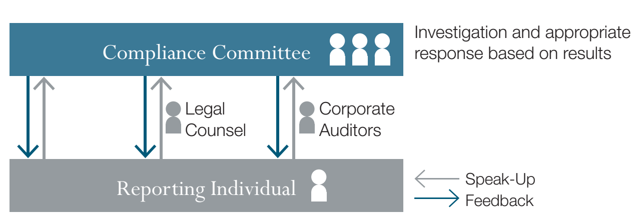
Compliance Training and Education

Employees have access to the latest version of the Compliance Manual and other manuals detailing applicable laws and regulations on the Company's intranet. We also offer various training programs and educational activities on compliance, including: programs for specific groups, such as employees, managers and corporate officers new to the Company; seminars provided by each Business Unit; seminars targeted at all officers and employees; and seminars for overseas offices and Group companies. We also make use of various domestic and overseas conferences for compliance education. In addition, we hold e-learning compliance seminars open to employees from all levels and plan to continue these seminars for new and other employees. Such e-learning is also held at Group companies.

Speak-Up System

If an employee becomes aware of a possible compliance problem, he or she can pass the information along the chain of command. In addition, the "Speak-Up System" was introduced to allow individuals to report a potential problem directly to the Compliance Committee. Outside legal counsel and our Corporate Auditors have been included as additional points of contact to further augment the system. Although, in principle, reporting individuals are asked to identify themselves so that they can be updated on the outcome of their cases, Company rules state that both the identity of such individuals and the nature of the information provided are kept confidential, and that no negative repercussions will redound on the reporting employees due to such reporting. The Compliance Committee is responsible for handling all the information it receives in an appropriate manner.

SPEAK-UP SYSTEM DIAGRAM



GUIDING PRINCIPLES

Business Activities

- Observing Antimonopoly Laws
- Security Trade Control
- Customs / Controlled Items
- Compliance with Applicable Laws
- Respecting and Protecting Intellectual Property Rights
- Prohibition of Unfair Competition
- Information Management
- Preservation of the Environment
- Overseas Business Activities

Corporate Citizen as a Member of Society

- Prohibition on Giving Bribes
- Prevention of Unlawful Payments to Foreign Governmental Officials
- Political Contributions
- Confrontation with Antisocial Forces

Maintenance of a Good Working Environment

- Respect for Human Rights*
- Prohibition of Sexual Harassment
- Prohibition on Abuse of Authority

* Based on the Universal Declaration of Human Rights.

Personal Interests

- Insider Trading
- Conflict of Interest
- Proper Use of Information System

Risk Management

In order to cope effectively with the diversifying risk environment, we have built a risk management framework by developing our risk management approach from a micro to a macro perspective, and shifting our focus from "minimizing losses from individual transactions" to "maximizing corporate value." This framework is strongly linked to the management plan, playing a critical role in supporting the efficient management of our corporate resources.

The Purpose of Risk Management

We define "risk" as the "possibility of losses due to the occurrence of anticipated or unanticipated situations" and as the "possibility of not achieving the expected return on business activities." We have set the following three items as the purpose for our risk management activities.

1. **Stabilize Performance: Minimize discrepancies between the plan and the actual results**
2. **Strengthen Financial Base: Maintain Risk-adjusted Assets within the buffer (shareholders' equity)**
3. **Maintain Corporate Reputation: Fulfill CSR requirements and preserve corporate reputation**

Risk Management Basic Policy

We classify our risks into two categories: Quantifiable risk and Non-quantifiable risk. Quantifiable risk is defined as "value creating risk," which we proactively take to generate a return. Our policy is to maximize the risk-adjusted return while maintaining Risk-adjusted Assets within our buffer.

Non-quantifiable risk is defined as "value breaking risk," which only generates losses when it surfaces. We are building a framework that prevents or minimizes the probability of this risk from materializing.

Risk Management Framework

Managing Quantifiable Risk

■ Managing Investment Risk

Once an investment is made, it is often difficult to make a withdrawal decision and the loss impact is usually significant in scale. To manage the investment risk, we have in place an integrated framework covering the entry process to the exit process. For the entry process, we carefully select investments that exceed the hurdle rate, a threshold for the rates of return on new investments relative to the cost of capital. In case of new investments for large-scale, important projects, cases are put forward to the Loan and Investment Committee for thorough examination, and if such investments significantly underperform the original business plans, "Value-Up" plans shall be formulated and executed with the support of the Committee. When the performance of investments falls short of required standards after a certain period from their inception, we have an Exit Rule that shall designate those investments as "Investments to withdraw from."

■ Managing Credit Risks

Our business is exposed to credit risks, as we extend credit to our customers in the form of accounts receivable, advances, loans, guarantees and other instruments. We have incorporated our original credit rating model, the Sumisho Credit Rating (SCR), to assess our customers' credit risk. The authority level to provide credit exposure to customers depends on the assigned credit rating. In addition, we regularly review customers' credit limits and appropriately manage the credit exposure under those limits. At the same time, we continuously perform credit evaluations on the financial condition of customers, and based on such evaluations, take collateral to secure the receivables if necessary.

■ Managing Market Risks

We set limits on contract balances as well as the loss limits for six months or a full year for commodity and financial instrument transactions. At the same time, we constantly monitor the potential amount of loss, (Value at Risk (VaR)—an estimate of potential risk or in case the total figures of realized and unrealized gain/loss are negative at the time of monitoring, the total of VaR and the relevant negative figures), to ensure that the potential amount of loss falls within the loss limits. In addition, we conduct liquidity risk management for each product on an individual futures market basis in order to be prepared in the event that it becomes difficult to close positions due to shrinking liquidity. The Financial Resources Management Group undertakes both the back and middle office functions in order to completely separate those functions from the Business Units, thereby enabling us to maintain the soundness of internal checks.

■ Managing Concentration Risks

As we are operating globally and engaging in a variety of business fields, we need to ensure that the risks are not excessively concentrated in particular areas. In order to avoid overly concentrated exposure in certain countries and regions, we have in place a country risk management system. In addition, in order to avoid the excessive concentration of resources in any specific field and refine our business portfolio, we thoroughly discuss the amount of Risk-adjusted Assets distributed to each unit and business line in meetings such as the "strategy conference," which is held among the CEO and general managers of each unit and the "loan and investment committee," which deliberates on important investment and financing.

Managing Non-quantifiable Risks

Non-quantifiable risks are those that must be borne, but for which we cannot expect returns. These include litigation and other legal risks, operational risks such as clerical mistakes or fraud acts, and natural disaster risk. Some of these risks involve events that rarely occur but could have a critical impact on our operations once they arise. Our basic policy is to prevent or minimize the probability of these risks to materialize. Accordingly, we periodically assess non-quantifiable risks on a global and consolidated basis. We do this through a range of initiatives to strengthen our internal control across the Group under the leadership of the Internal Control Committee as well as through independent activities by our Business Units and regional organizations in Japan and overseas. Based on the assessment result, we continuously search for a more efficient and effective organizational structure and procedures to improve the quality of our business operations.

Embedding the Sense of Risk Management

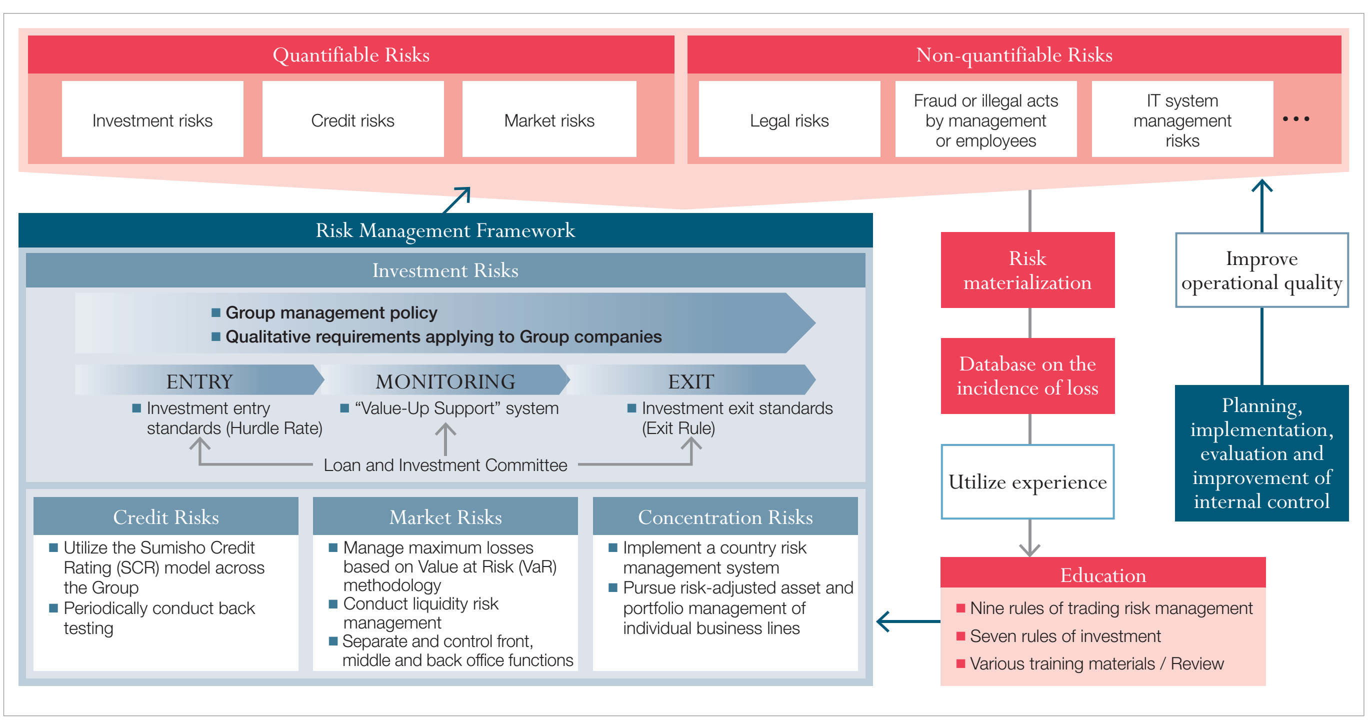
Although we have been constructing the best possible risk management framework to cope with diversified risks, we cannot completely prevent the incurrence of loss in the course of business activities only by the framework itself. We are putting our efforts into implementing the initiatives that enable us to quickly identify the occurrence of losses in order to suppress loss accumulation and prevent the contagion effects that lead to secondary losses. These initiatives include devising ways to quickly identify the cause of losses and share such information among top management and related departments. We have compiled a database of such loss information that allows for the systematic analysis of the causes of loss-incurring events. These analyses are used as training materials for employees as part of various educational programs. Through this knowledge feedback process, individual employees can upgrade their risk management capabilities, supporting the prevention of the same kind of loss events.

Eyeing the Future of Risk Management

Over the past decade, Sumitomo Corporation has created a formidable risk management framework by studying advanced methods and processes. Our goal is to implement the best practices in risk management while maintaining the flexibility to adapt to changes in the business environment. The surrounding environment is continually changing, however, and new business models that we could never have imagined are emerging on a daily basis. Responding to changing circumstances in a timely and effective manner, we continually upgrade our risk management under the direction of top management.

Information Security Control Structure

Sumitomo Corporation works to enhance its information management system to maintain and improve information security. Our approach to this end includes the development of internal rules and manuals as well as the provision of employee training and awareness-raising activities, with a focus on taking preventive measures against risks identified within the Group relating to leakages of confidential information and compliance with the Personal Information Protection Act, which came into full effect in April 2005.



Risk-adjusted Return Management

We are now facing a harsher business environment compared to the past few years, during which we saw steady growth. However, we have been implementing management reforms on the basis of the Risk-adjusted Return Approach for many years, building a business foundation able to sustain stable earnings and a firm financial condition even during severe economic environments. In this special feature, we will introduce Risk-adjusted Return as the backbone of our management approach.

Background to the Introduction of the Risk-adjusted Return Ratio

Until the early 1980s, the main business of Sumitomo Corporation and other integrated trading companies was acting as intermediaries for goods and services. From the late 1980s onward, integrated trading companies sharply stepped up their involvement in new businesses as well as overseas investment as they responded to a decline in demand for trading company financing and the growing transfer of production overseas due to the yen's appreciation.

In the early 1990s, in addition to this business diversification, a series of changes came about in the operating environment. The collapse of the bubble economy in the early 1990s triggered a plunge in stock and real estate prices, and in 1997 the Asian Currency Crisis caused problems for many overseas projects. In addition to the effects of these factors, we recorded substantial impairment of shareholders' equity due to an incident involving unauthorized copper trading in 1996. Thereafter, improving profitability and our financial condition became our topmost priority.

As our Business Units have a variety of business styles in diverse fields, it was difficult to evaluate each business's performance based only on net income. We needed a Company-wide, universal yardstick for measuring the return on management resources invested in each business and for optimally allocating limited management resources.

The basic aim of any business is to generate returns relative to the risks involved and in autumn 1998, ahead of its peers, Sumitomo Corporation introduced the Risk-adjusted Return Ratio as an indicator of profitability, i.e., the degree of return from a certain level of risk.

Specifically, we calculate Risk-adjusted Assets as the value of maximum possible losses by multiplying the value of assets by a risk weight that assumes the maximum possible loss ratio in asset values.

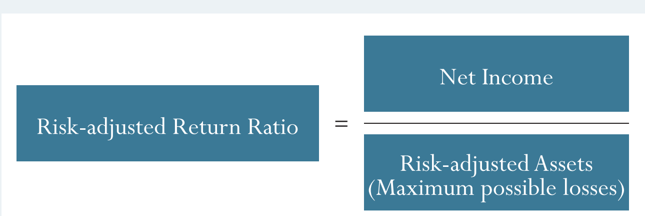
With Risk-adjusted Assets as the denominator, we use returns, i.e., net income, as the numerator to calculate profitability, both in each business and for the Company as a whole.

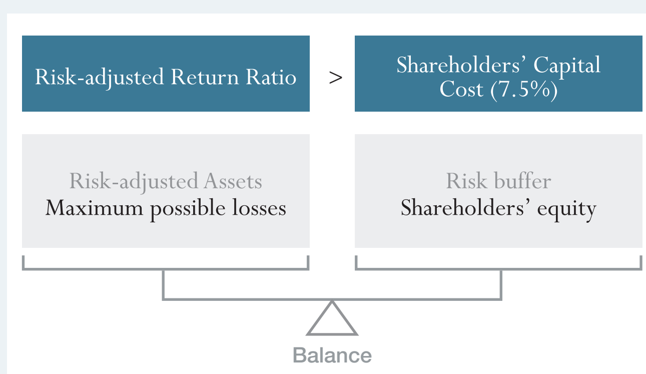
Basics of Risk-adjusted Return Management

Since its introduction as a management indicator, the Risk-adjusted Return Ratio has played a major role as a tool for achieving universal Company-wide objectives.

From the perspective of ensuring business stability, a core management principle is to avoid excessive risks by balancing shareholders' equity (the risk buffer) against Risk-adjusted Assets (maximum possible losses). This principle means that even if all potential risks were to actually occur at once, shareholders' equity would be able to absorb the losses.

Moreover, to ensure earnings power, return on risks must be greater than our shareholders' capital cost. In other words, we set the Risk-adjusted Return Ratio at 7.5% as the minimum requirement for the whole company. In every business, the basis we use for choosing to move forward is this Risk-adjusted Return Ratio of 7.5%.





Human Resources Management

Sumitomo Corporation is actively implementing various HR initiatives to recruit, retain, develop and utilize capable talent in a strategic and well-planned manner, who can contribute broadly to society and create new value over the medium and long term with a good understanding of the Sumitomo Corporation Group's Management Principles and Activity Guidelines and the practice of SC VALUES*.

Strengthening Human Resources Management on a Company-wide Level

To ensure the sustainable growth of the Sumitomo Corporation Group, it is vital to strengthen our recruitment and development of global talent in a strategic and well-planned manner from a medium- and long-term perspective, pursuing human resources strategies in line with business strategies. Under the new medium-term management plan "ƒ(x)," we aim to achieve "cross-boundary growth," the growth together with all our partners across regional, generational, and organizational boundaries, while carrying on with the basic policy and various initiatives adopted under the previous medium-term management plan "FOCUS'10."

Strengthening our recruitment and development of global talent

■ Strategic development and placement of key staff in each overseas office

Sumitomo Corporation is making the best effort to train locally hired employees in overseas offices and Group companies and assign them to play more important roles as a proactive response in global business operations. As part of these efforts, we are conducting training programs for locally hired employees at different career levels (staff in charge, managers and senior executives). At the training programs, nearly 300 participants per annum from all over the world come to the Head Office in Tokyo, Japan, to share the corporate DNA that runs through the Sumitomo Corporation Group and strengthen their sense of unity as a member of the Group through reaffirming Sumitomo's Business Philosophy, and the Management Principles of the Group. In addition, information is shared on management direction and strategies, and the participants attend "skill-up" seminars on a variety of themes as well as joint workshops with Head Office employees.

A training session for locally hired employees overseas

* SC VALUES embodies the nine core behaviors based on our Management Principles and Activity Guidelines expected of all members of the Sumitomo Corporation Group.

SC VALUES

1. Integrity and Sound Management
   To comply with laws and regulations, while maintaining the highest ethical standards.
2. Integrated Corporate Strength
   To create no boundaries within the organization; to always act with a Company-wide perspective.
3. Vision
   To create a clear vision of the future, and to communicate to share it within the organization.
4. Change and Innovation
   To accept and integrate diversity in values and behavior, and to embrace change as an opportunity for action.
5. Commitment
   To initiate, own, and achieve organizational objectives.
6. Enthusiasm
   To act with enthusiasm and confidence, and to motivate others through such action.
7. Speed
   To make quick decisions and act promptly.
8. Human Development
   To fully support the development of others' potential.
9. Professionalism
   To achieve and maintain high levels of expertise and skills.

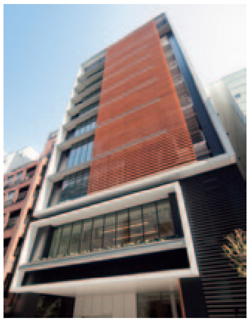
■ Development of the infrastructure for global HR management

[Global HR Database]

We plan to make the profile of our human resources more visible by establishing a database which contains our individual personnel development plan in order to identify and share information on key personnel at Head Office and overseas organizations. Our efforts are focused on development of infrastructure for strategic allocation of Head Office employees and locally hired employees across regions and organizations on a global basis.

[Sumitomo Corporation Global HRD Center]

Sumitomo Corporation's new training center in the Ginza, Tokyo, was completed in March 2012. The new training center serves as a training center to develop global talent and as a strategic multi-purpose facility. As a training center, we use this center to strengthen our human resources development across the entire Group worldwide and to encourage our diversified human resources management.



Sumitomo Corporation Global HRD Center

The facility also provides a multi-purpose and versatile space, supplementing Head Office functions. In this center, we expect to see our global colleagues from around the world, irrespective of organization or country, meeting for intensive discussions on the future visions and strategies of our Group.

Conducting strategic placement of human resources on a Company-wide level

At Sumitomo Corporation, under the Company's overriding principles of autonomous management and self-responsibility, each Business Unit implements its own strategic human resources management. Business Units also conduct their own staff training and education in order to ensure their medium and long term strategic human resources' needs will be fully satisfied. Under the $f(x)$ management strategy, we carry on what we have done and conduct strategic placement of human resources across Business Units on a Company-wide level.

■ Further development of cross-organizational personnel

[Job rotation training]

We have introduced job rotation training between Business Units and the Corporate Group to allow our employees to have not only onsite experience but also a Company-wide perspective, as well as our management's point of view. Under the $f(x)$ management strategy, we also promote job rotation training across Business Units, with the aim of developing our talent to be capable of leading cross-industrial businesses and managing business subsidiaries. We aim to increase the diversity of our human resources with broad experiences and different values.

[Human Resources Development Fund]

In fiscal year 2010, a new internal fund for human resources development was established to facilitate the effort to ensure and develop enough talent required to achieve the medium- and long-term growth strategies of Business Units and divisions. The fund is being effectively used for sending trainees to overseas offices to develop our global talent in a strategic and well-planned manner. In particular, we are increasing the number of language trainees of Chinese, Russian, Spanish, Portuguese, etc., to grasp expanding business opportunities in the emerging markets, which will become important management issues for our Group in the future. Furthermore, we are also investing aggressively in human resources development from a medium- and long-term perspective and sending employees who are primarily in managerial positions to overseas short-term executive programs to acquire the latest management literacy and build a network with global executives, as well as sending locally hired employees of overseas offices to the Head Office.

[Sumisho Business College (SBC)]

SBC, a corporate university, offers around 300 courses a year. For instance, visiting the Besshi Copper Mine, the origin of the Sumitomo Corporation Group, has been conducted with the aim of providing participants with an opportunity to realize Sumitomo's Business Philosophy, which inspired the Sumitomo Corporation Group's present-day Management Principles.

Through a variety of programs provided by SBC, our employees can learn basic knowledge and skills required in common, advanced specific expertise and also develop their leadership skills. The concept behind SBC is that the growth opportunity is "something to take by oneself" instead of "something to be given." Under this concept, we intend to further upgrade and extend these programs as a system to support our good talent who are able to think and act on their own, and deliver results.

Visit to the Besshi Copper Mine

A training session at SBC

■ Enhancement of long-term HR development & placement plan

[Diversified recruitment sources and strategic reallocation based on HR analysis]

We intend to promote reallocation of our human resources at the Company-wide level, including recruitment and job rotations among Business Units, based on the business strategies at each organization.

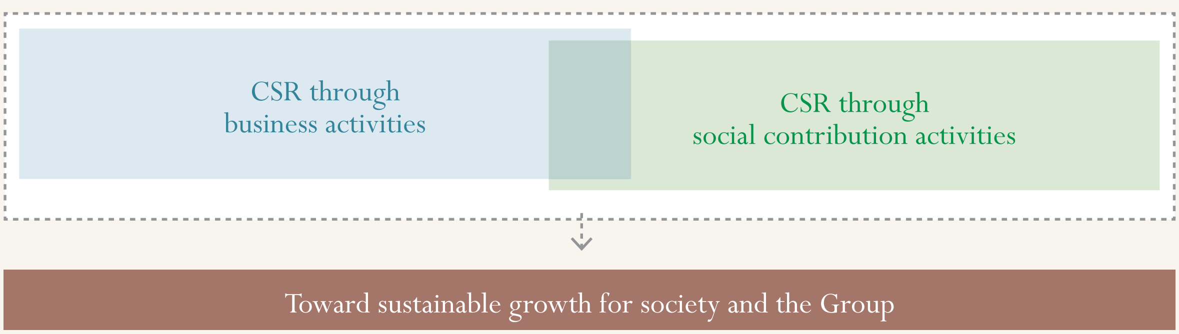
From the standpoint of recruitment, we will seek to diversify our recruitment sources, including in collaboration with our regional organizations and subsidiaries, in addition to increasing the hiring of new graduates and mid-career recruits in Japan. We will also promote personnel development and placement at each organization by implementing succession planning for key posts such as general managers, while reorganizing human resources data to facilitate the assignment of the right person to the right position.

Contributions to Sustainable Development

Sumitomo's Business Philosophy is expressed in the following credo: "Benefit for self and others, private and public interests are one and the same." This means that "Sumitomo's business activities must benefit not only Sumitomo's own businesses, but also society and the nation." This approach of seeing corporate activities within the scope of relationships with society is identical to what is referred to as CSR (Corporate Social Responsibility) today. Sumitomo's Business Philosophy, as described above, is illustrated in clauses in the Management Principles of the Sumitomo Corporation Group such as "To create new value, and contribute broadly to society," and "To achieve prosperity and realize dreams through sound business activities," and it has become deeply rooted as the universal and unchanging basis of our business activities.

How We See CSR at the Sumitomo Corporation Group

In the preamble to the Sumitomo Corporation Group Management Principles, the corporate vision of the group is described by the following: "We aim to be a global organization that constantly stays a step ahead in dealing with change, creates new value, and contributes broadly to society." For us then, promoting CSR means conducting responsible business activities based on our corporate vision, which is also the same as implementing the Group's Management Principles. We work on social issues from the standpoint of a corporation while building better relationships with stakeholders through sound business activities and social contribution activities, with the aim of building a sustainable society. For us, this means achieving prosperity and realizing the dreams of all our stakeholders, and we recognize this as the fundamental basis of CSR.



Initiatives for the United Nations Global Compact

The Sumitomo Corporation Group supports the 10 principles of the UN Global Compact (GC), an international CSR-related initiative that proposes values held in common with the Group's Management Principles. We are committed to enhancing our corporate value by clearly identifying areas of improvement in our business activities in light of the values advocated by the 10 principles.

THE GLOBAL COMPACT
WE SUPPORT

* We also support the Global Human Rights Declaration, which the 10 principles of the UN Global Compact comply with.

Report on Responsibility & Sustainability

For details on our CSR activities, please refer to our Report on Responsibility & Sustainability. The report is available on our website:
http://www.sumitomocorp.co.jp/english/society/report.html

Initiatives for the Supply Chain CSR

The Sumitomo Corporation Group set down the CSR Action Guidelines for Supply Chains. By implementing these guidelines, which are based on our Management Principles, we are aiming to achieve a sustainable and better society by working together with our suppliers and business partners in order to create new values while at the same time fulfilling our social responsibilities in such areas as strict compliance with laws and regulations, respect for human rights, and protection of the environment.

THE SUMITOMO CORPORATION GROUP CSR ACTION GUIDELINES FOR SUPPLY CHAINS

(November 2009)

The Sumitomo Corporation Group aims to be a global organization that constantly stays a step ahead in dealing with change, creates new value and contributes broadly to society. In its Management Principles, the Group sets forth its mission to achieve prosperity and realize dreams through sound business activities, and to strictly adhere to a management style which places prime importance on integrity and sound management with utmost respect for the individual.

In line with its Management Principles, the Sumitomo Corporation Group hereby sets down the CSR (Corporate Social Responsibility) Action Guidelines for Supply Chains, aiming to achieve a sustainable and better society. With a view to further strengthening "global relations"—one of the elements of the business foundation that supports our integrated corporate strength, which is our core competence—we will request our suppliers and business partners to kindly accept, understand and practice these guidelines so that together we can fulfill our social responsibilities in the value chain in which we are jointly involved.

Our suppliers and business partners are expected:

1. To respect the human rights of employees and never treat employees in an inhumane manner
2. To prevent forced labor, child labor and unreasonably cheap labor
3. Not to practice discrimination with respect to employment
4. To respect the rights of employees to associate freely in order to ensure smooth negotiation between labor and management
5. To strive to provide employees with a safe and healthy work environment
6. To strive to protect the global environment
7. To ensure the quality and safety of products and services
8. To ensure fair transactions, abiding by all applicable laws, rules and regulations, and to prevent all types of corruption, including extortion and bribery
9. To disclose information regarding the above in a timely and appropriate manner

Global Safety Management

The Sumitomo Corporation Group puts "safety first" in its business activities. Endeavoring to better prepare for and prevent incidents, accidents and disasters in Japan and overseas, we regularly conduct educational activities and upgrade our safety planning infrastructure. Through these means, we work diligently to ensure that all executives and employees maintain a deep awareness of crisis situations, understand all appropriate safety guidelines and measures and put them into practice.

As a part of the aforementioned endeavors, we are striving to realize "zero" workplace accidents at subsidiaries and associated companies engaged in manufacturing, processing and warehouse activities. A Safety Management Committee has been established at each Business Unit. These committees take action to ensure safety management and prevent workplace accidents together with Group subsidiaries and associated companies in Japan and overseas.

Measures to Improve Safety Awareness and Prevent Accidents

In the Metal Products Business Unit, all subsidiaries and associated companies document their safety activities in accordance with the Group's *Safety Manual*, *Safety and Hygiene Management Guidelines*, and *Work* handbooks, and every employee is appropriately trained on safety in the workplace. This vigilance helps prevent accidents before they can happen.

In the Tubular Products Group's worldwide operations, there has been a major focus on strengthening the capabilities of the HSE Global Organization.

The availability of resources has been enhanced with the recruitment of HSE Managers in both the European and Americas Business Units. In conjunction with existing HSE Specialists, the Global HSE Network has been developed to ensure the standardization of HSE Management Systems, and to expedite the implementation and transfer of best practices. The sharing of information and inter-Business Unit communication has improved significantly.

With its increased strength, the Global HSE Network has allowed the Tubular Products Group to work together with the management and workers engaged in Supply Chain Management (SCM) operations and also the subsidiaries to improve HSE activities and performance more effectively. In fiscal 2011, over twenty reviews were completed in SCM and subsidiaries' in North American, European, Middle Eastern and Far Eastern locations to identify and subsequently implement HSE improvements.

Indian SCM Project celebrating "3 Years No-Lost Time Incidents" (Barmer, India)

CSR through Business Activities

The Sumitomo Corporation Group recognizes that environmental issues are global in scale, and are long-term matters that will affect future generations. As a global organization, the Group has established an environmental policy of striving to achieve sustainable development, by way of sound business activities, aimed at symbiosis between social and economic progress and environmental preservation.

Helping to Realize a Low Carbon Society by Promoting Businesses Utilizing Lithium-ion Batteries

In September 2010, Sumitomo Corporation established 4R Energy Corporation ("4R"), a joint venture with Nissan Motor Co., Ltd., for the purpose of conducting field tests regarding second-life uses of lithium-ion batteries and creating new markets for energy storage. The "4R" in the new company's name is derived from the first letters of "Reuse," "Refabricate," "Resell," and "Recycle."

The lithium-ion batteries fitted to the Nissan Leaf electric vehicle retain about 80% of their residual battery capacity even after 5 years of use, making second-life use of these batteries highly feasible. 4R is working to develop a business model for collecting and refabricating replaced batteries into second-life products. Furthermore, amid heightened public interest in storage batteries after the Great East Japan Earthquake of 2011, 4R has also developed a household energy storage system. This system can store around a whole day's worth of power for an ordinary household. It promises economic benefits by enabling daytime use of power stored during the late night hours, and also functions as a backup power supply in the event of a power outage due to natural disasters and other causes. 4R has made preparations to sell this system alongside development efforts, and Sumitomo Forestry Co., Ltd. has decided to adopt 4R's system for their smart houses which commence sales this fall.

Furthermore, Sumitomo Corporation established Japan Charge Network Co., Ltd. in February 2012 together with Nissan Motor, NEC Corporation, and Showa Shell Sekiyu K.K., with the view to conducting business feasibility studies of battery charging services for electric vehicles ("EV"). The EV charging service business will provide infrastructure essential to the popularization of EV by allowing users of EV and plug-in hybrids to reliably and safely charge their vehicles outside their homes or offices. Japan Charge Network plans to develop Japan's first full-fledged membership-based battery charging service across the country. This will be achieved by integrating charging stations installed in various sites over a network using a charge controller (authentication and billing controller) that enables monitoring of the usage of charging stations and other parameters, in addition to member authentication and billing management.

Sumitomo Corporation will continue to promote businesses utilizing lithium-ion batteries, with the aim of contributing to the realization of a low-carbon society.

A household energy storage system

An authentication and billing controller (on the left side)

CSR through Social Contribution Activities

The Sumitomo Corporation Group is engaged in social contribution activities aimed at developing the next generation of human resources who will drive the sustainable development of society, and contributing to local communities in areas where we do business, all over the world. We also take part in various activities as a corporate citizen.

Youth Challenge Program for the Revitalization of East Japan

More than one year has passed since the Great East Japan Earthquake struck in March 2011. During this time, the assistance provided to disaster-hit regions has gradually changed. Sumitomo Corporation believes that an extensive period of time will be needed for these regions to recover from the devastation of this unprecedented natural disaster. Based on a policy of providing long-term assistance for recovery, Sumitomo Corporation is pressing ahead with support activities that fit the needs of the affected regions.

Immediately after the earthquake struck, Sumitomo Corporation began providing emergency assistance through such means as contributing relief money and delivering relief supplies. Thereafter, Sumitomo Corporation provided support in line with the needs of the affected regions at each point in time. For example, over the four months from August to November 2011, around 160 employees in total have continuously participated in our Volunteer Program for Earthquake Disaster Reconstruction. In parallel with these activities, we have also conducted our own surveys to grasp the needs of the affected regions. As a result, those surveys revealed that there was very little support for the younger generations in the affected regions to participate in the recovery effort. These generations range from high school students to university and graduate school students. In response, Sumitomo Corporation joined forces with the Civil Society Initiative Fund, an NPO, to launch the Sumitomo Corporation Youth Challenge Program for the Revitalization of East Japan to assist young people who will be the future leaders of the affected areas.

This program will provide subsidies of up to ¥100 million a year over the five-year period beginning with the fiscal year ending March 31, 2013. The subsidy will be designed to encourage the participation of younger generations in the regional revitalization process to rebuild the daily lives of people directly affected by the earthquake. At the same time, the program will support the growth of younger generations into leaders of the future. The program consists of two parts: the “activity and research” subsidy (subsidy commenced on June 1, 2012) and the “internship program” (activities commenced on July 1, 2012). The “activity and research” subsidy will support activities, surveys and research directed at regional revitalization that will be carried out mainly by younger generations in teams, circles, or groups, or by NPOs and other organizations led by youth. In fiscal 2012, the program has already subsidized unique activities reflecting the unmistakable enthusiasm of young people and their distinctive personalities. Examples include town restoration proposals, revitalization of local communities, and educational support for children who will be the next generation of young adults. Meanwhile, the “internship program” will encourage the creation of internships for young people at NPOs and other organizations active in the affected regions. The young people participating in this program share a strong dedication and responsibility toward the recovery of the affected regions, and are giving every effort to pursue their respective activities.

Through such support for younger generations participating in regional revitalization activities, Sumitomo Corporation will continue to provide long-term assistance for recovery, in the hope for the early recovery and revitalization of the affected regions.

Our employee volunteers in Yamamoto town, Miyagi

An orientation for the internship program

Directors and Corporate Auditors

(As of July 1, 2012)

SUSUMU KATO
Chairman of the Board of Directors

KUNIHARU NAKAMURA
President and CEO

TOYOSAKU HAMADA
Executive Vice President

TAKASHI KANO
Executive Vice President

Directors and Corporate Auditors

Chairman of the Board of Directors
Susumu Kato

President and CEO
Kuniharu Nakamura

Director
Toyosaku Hamada

Director
Shinichi Sasaki

Director
Takuro Kawahara

Director
Yoshio Osawa

Director
Yasuyuki Abe

Director
Kazuhisa Togashi

Director
Kazuhiro Takeuchi

Director
Masayuki Doi

Director
Toru Furihata

Director
Michihiko Kanegae

Standing Corporate Auditor (Full-Time)
Kenzo Okubo

Corporate Auditor (Full-Time)
Ichiro Miura

Corporate Auditor (Lawyer)
Akio Harada*

Corporate Auditor (Certified Public Accountant)
Tsuguoki Fujinuma*

Corporate Auditor (Lawyer)
Mutsuo Nitta*

Notes: 1. All Directors are Representative Directors.
2. Outside Corporate Auditors are indicated by an asterisk (*).

Executive Officers

President and CEO

Kuniharu Nakamura

Executive Vice Presidents

Toyosaku Hamada
CFO, General Manager, Financial Resources Management Group

Takashi Kano
General Manager for the Americas,
President and CEO of Sumitomo Corporation North America Group,
Director and President of Sumitomo Corporation of America

Senior Managing Executive Officers

Shinichi Sasaki
General Manager, General Products & Real Estate Business Unit

Takuro Kawahara
General Manager, Human Resources, General Affairs & Legal Group

Yoshio Osawa
General Manager, Media, Network & Lifestyle Retail Business Unit

Yasuyuki Abe
General Manager, New Industry Development & Cross-function Business Unit

Kazuhisa Togashi
General Manager, Metal Products Business Unit

Kazuhiro Takeuchi
General Manager, Transportation & Construction Systems Business Unit

Naoki Hidaka
General Manager, Kansai Regional Business Unit

Masayuki Doi
General Manager, Corporate Planning & Coordination Group

Toru Furihata
General Manager, Mineral Resources, Energy, Chemical & Electronics Business Unit

Hiroyuki Inohara
Assistant General Manager, Financial Resources Management Group,
General Manager, Finance Dept.

Masaru Nakamura
General Manager for Europe,
CEO of Sumitomo Corporation Europe Group,
Managing Director, Sumitomo Corporation Europe Holding Limited,
Chairman and Managing Director, Sumitomo Corporation Europe Limited

Managing Executive Officers

Makoto Nakamura
General Manager, Internal Auditing Dept.

Kohei Hirao
General Manager for Asia,
President and CEO of Sumitomo Corporation Asia Group,
Director and President of Sumitomo Corporation Asia Pte. Ltd.

Michihiko Kanegae
General Manager, Infrastructure Business Unit

Kiyomi Machida
General Manager, Chubu Regional Business Unit

Hideki Iwasawa
Assistant General Manager for the Americas,
Executive Vice President and CFO of Sumitomo Corporation North America Group,
Executive Vice President and CFO of Sumitomo Corporation of America

Koichi Takahata
Assistant General Manager, Financial Resources Management Group,
General Manager, Accounting Controlling Dept.

Nobuhiko Yuki
General Manager for China,
CEO of Sumitomo Corporation China Group,
General Manager, Beijing Head Office,
General Manager, Sumitomo Corporation (China) Holding Ltd.

Kiyoshi Ogawa
Assistant General Manager, Human Resources, General Affairs & Legal Group,
General Manager, Legal Dept.

Masahiro Fujita
Assistant General Manager,
Corporate Planning & Coordination Group

Executive Officers

Akira Takeuchi
General Manager, Mineral Resources Division, No. 1

Hiroaki Mizobuchi
General Manager, New Business Development & Promotion Division

Masao Sekiuchi
General Manager, Non-Ferrous Products & Metals Division

Masato Sugimori
General Manager, Corporate Planning & Coordination Dept.

Yutaka Sekine
Assistant General Manager for Asia,
General Manager, Transportation & Construction Systems Business Unit in Sumitomo Corporation Asia Group,
President and CEO, PT. Sumitomo Indonesia

Yoshihiro Fujiura
General Manager for Middle East,
Managing Director, Sumitomo Corporation Middle East FZE

Akira Satake
General Manager, Planning & Administration Dept., Mineral Resources, Energy, Chemical & Electronics Business Unit

Toshifumi Shibuya
General Manager, Planning & Administration Dept., Media, Network & Lifestyle Retail Business Unit

Masatoshi Hayashi
General Manager, Corporate Communications Dept.

Kimio Fukushima
General Manager, Automotive Division, No. 2

Masao Tabuchi
General Manager, Automotive Division, No. 1

Hirohiko Imura
General Manager, Corporate Risk Management Dept.

Kiyoshi Sunobe
General Manager, Logistics & Insurance Business Division

Hiroki Inoue
General Manager, Construction & Real Estate Division,
General Manager, General Construction Development & Coordination Dept.

Yasuhiro Tsuji
General Manager, Basic Chemicals & Electronics Division

Makoto Horie
General Manager, Iron & Steel Division, No. 3

Toshikazu Nambu
General Manager, Tubular Products Division

Masayuki Hyodo
General Manager, Global Power Infrastructure Business Division

Fumihiro Koba
Deputy General Manager for China,
General Manager, China Metal Products Business Unit in Sumitomo Corporation China Group,
General Manager, Sumitomo Corporation (Shanghai) Limited

Business Operating Structure

Organization

(As of July 1, 2012)

CORPORATE GROUP

- General Meeting of Shareholders
  - Board of Corporate Auditors
    - Corporate Auditors
      - Corporate Auditor's Administration Dept.
  - Board of Directors
    - President and CEO Executive Officers
      - Internal Auditing Dept.
      - Corporate Planning & Coordination Group
      - Human Resources, General Affairs & Legal Group
      - Financial Resources Management Group

BUSINESS UNITS

Metal Products Business Unit
- Planning & Administration Dept., Metal Products Business Unit
- Iron & Steel Division, No. 1
- Iron & Steel Division, No. 2
- Iron & Steel Division, No. 3
- Tubular Products Division
- Non-Ferrous Products & Metals Division

Transportation & Construction Systems Business Unit
- Planning & Administration Dept., Transportation & Construction Systems Business Unit
- Ship, Aerospace & Transportation Systems Division
- Automotive Division, No. 1
- Automotive Division, No. 2
- Construction & Mining Systems Division

Infrastructure Business Unit
- Planning & Administration Dept., Infrastructure Business Unit
- Telecommunication, Environment & Industrial Infrastructure Business Division
- Global Power Infrastructure Business Division

Media, Network & Lifestyle Retail Business Unit
- Planning & Administration Dept., Media, Network & Lifestyle Retail Business Unit
- Media Division
- Network Division
- Lifestyle & Retail Business Division

Mineral Resources, Energy, Chemical & Electronics Business Unit
- Planning & Administration Dept., Mineral Resources, Energy, Chemical & Electronics Business Unit
- Mineral Resources Division No. 1
- Mineral Resources Division No. 2
- Energy Division
- Basic Chemicals & Electronics Division
- Life Science Division

General Products & Real Estate Business Unit
- Planning & Administration Dept., General Products & Real Estate Business Unit
- Food Business Division
- Materials & Supplies Division
- Construction & Real Estate Division
- General Construction Development & Coordination Dept.

New Industry Development & Cross-function Business Unit
- Planning & Administration Dept., New Industry Development & Cross-function Business Unit
- New Business Development & Promotion Division
- Financial Service Division
- Logistics & Insurance Business Division

JAPAN	OVERSEAS
3 Subsidiaries	39 Subsidiaries
3 Regional Business Units	1 Branch
2 Offices	26 Offices

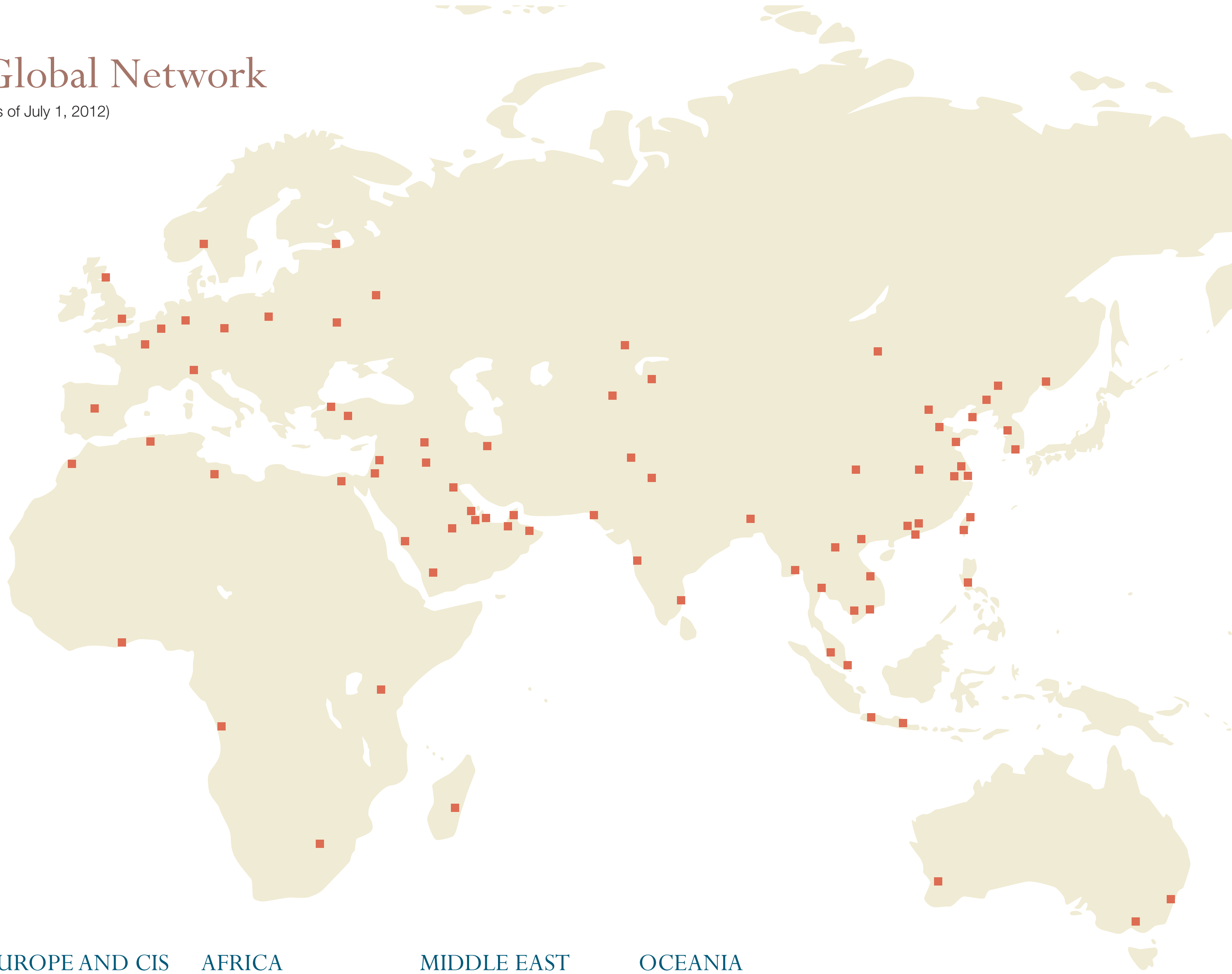
Regional Business Units and Subsidiaries

(As of July 1, 2012)

Region	Name of Regional Business Unit or Subsidiary	Location
Japan	Kansai Regional Business Unit	Osaka
	Chubu Regional Business Unit	Nagoya
	Kyushu-Okinawa Regional Business Unit/ Sumitomo Corporation Kyushu Co., Ltd.	Fukuoka
	Sumitomo Corporation Hokkaido Co., Ltd.	Sapporo
	Sumitomo Corporation Tohoku Co., Ltd.	Sendai
Asia	Sumitomo Corporation (China) Holding Ltd.	Beijing
	Sumitomo Corporation (China) Limited	Beijing
	Sumitomo Corporation (Shanghai) Limited	Shanghai
	Sumitomo Corporation (Tianjin) Ltd.	Tianjin
	Sumitomo Corporation (Dalian) Ltd.	Dalian
	Sumitomo Corporation (Qingdao) Ltd.	Qingdao
	Sumitomo Corporation (Guangzhou) Ltd.	Guangzhou
	Shenzhen Sumitomo Corporation Ltd.	Shenzhen
	Sumitomo Corporation (Hong Kong) Limited	Hong Kong
	Sumitomo Corporation Taiwan Ltd.	Taipei
	Sumitomo Corporation Korea Ltd.	Seoul
	Sumitomo Corporation Asia Pte. Ltd.	Singapore
	Sumitomo Corporation Thailand, Ltd. Sumi-Thai International Limited	Bangkok
	Sumur Cahaya Sdn. Bhd.	Kuala Lumpur
	Sumitomo Corporation of the Philippines	Manila
	PT. Sumitomo Indonesia	Jakarta
	Sumitomo Corporation Vietnam LLC	Hanoi
	Sumitomo Corporation India Private Limited	New Delhi
Oceania	Sumitomo Australia Pty Ltd	Sydney
The Middle East	Sumitomo Corporation Middle East FZE	Dubai
	Sumitomo Corporation Iran, Ltd.	Teheran
	Sumitomo Corporation Dis Ticaret A.S.	Istanbul
Europe and CIS	Sumitomo Corporation (Central Eurasia) LLC	Moscow
	Sumitomo Corporation Europe Holding Limited	London
	Sumitomo Corporation Europe Limited	London
	Sumitomo Corporation España S.A.	Madrid
	Sumitomo Deutschland GmbH	Dusseldorf
	Sumitomo France S.A.S.	Paris
	Sumitomo Benelux S.A./N.V.	Brussels
North America	Sumitomo Canada Limited	Calgary
	Sumitomo Corporation of America	New York
Central America and South America	Sumitomo Corporation de Mexico S.A. de C.V.	Mexico City
	Sumitomo Corporation del Ecuador S.A.	Quito
	Sumitomo Corporation de Venezuela, S.A.	Caracas
	Sumitomo Corporation Colombia S.A.	Bogota
	Sumitomo Corporation del Peru S.A.	Lima
	Sumitomo Corporation Argentina S.A.	Buenos Aires
	Sumitomo Corporation (Chile) Limitada	Santiago
	Sumitomo Corporation do Brasil S.A.	Sao Paulo

Global Network

(As of July 1, 2012)



EUROPE AND CIS

London
Aberdeen
Oslo
Prague
Warsaw
Milan
Madrid
Dusseldorf
Paris
Brussels
Moscow
Vladivostok
St. Petersburg
Kiev
Almaty
Astana
Tashkent

AFRICA

Algiers
Casablanca
Johannesburg
Nairobi
Luanda
Antananarivo
Accra

MIDDLE EAST

Dubai
Teheran
Istanbul
Ankara
Abu Dhabi
Muscat
Baghdad
Erbil
Doha
Bahrain
Kuwait
Riyadh
Jeddah
Alkhobar
Sanaa
Cairo
Amman
Damascus
Tripoli

OCEANIA

Sydney
Melbourne
Perth
Auckland

OVERSEAS: 64 countries

	39 Subsidiaries / 89 locations
	1 Branch / 1 location
	26 Offices / 26 locations
Total	**116 locations**

JAPAN:

	Headquarters
	3 Subsidiaries / 9 locations
	3 Regional Business Units / 12 locations
	2 Offices / 2 locations
Total	**24 locations**

ASIA

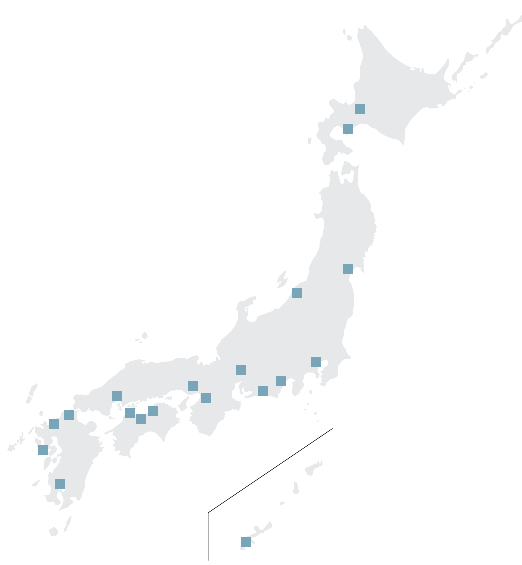
Beijing
Chengdu
Changchun
Wuhan
Shanghai
Nanjing
Suzhou
Tianjin
Dalian
Shenyang
Qingdao
Guangzhou
Shenzhen
Hong Kong
Ulaanbaatar
Taipei
Kaohsiung
Seoul
Busan
Singapore
Kuala Lumpur
Phnom Penh
Vientiane
Yangon
Dhaka
Karachi
Islamabad
Bangkok
Manila
Jakarta
Surabaya
Hanoi
Ho Chi Minh City
Danang
New Delhi
Mumbai
Chennai

NORTH AMERICA

Calgary
Toronto
Vancouver
Montreal
New York
Detroit
Pittsburgh
Washington, D.C.
Chicago
Houston
Denver
Portland
Los Angeles

CENTRAL AMERICA AND SOUTH AMERICA

Mexico City
Guatemala
Havana
Quito
Caracas
Bogota
Lima
Buenos Aires
Santiago
Sao Paulo
Rio de Janeiro
Porto Alegre
Recife



JAPAN

Tokyo
Sapporo
Muroran
Sendai
Niigata
Shizuoka
Hamamatsu
Nagoya
Osaka
Kobe
Hiroshima
Imabari
Takamatsu
Niihama
Kita-Kyushu
Fukuoka
Nagasaki
Kagoshima
Naha

Principal Subsidiaries and Associated Companies

(As of March 31, 2012)

Metal Products Business Unit

		Subsidiary/ Associated Company	Main Business
Japan	Alcut Co., Ltd.	Sub.	Shearing, slitting, and blanking of aluminum coils, sheets, and circles
	Hokkaido Shearing Kaisha, Ltd.	Sub.	Shearing, slitting, and sale of steel sheets
	Ishihara Kohtetu Co., Ltd	Sub.	Stock, sale, and processing of tool steel
	KS Summit Steel Co., Ltd.	Sub.	Shearing, slitting, and sale of steel sheets
	Mazda Steel Co., Ltd.	Sub.	Shearing, slitting, and sale of steel sheets
	SC Pipe Solutions Co., Ltd.	Sub.	Sale of steel piping and other steel products
	SC Tubulars Co., Ltd.	Sub.	Sale of specialty tubular products
	Sofuku-koki Co., Ltd.	Sub.	Manufacture and sale of steel racks
	Sumisho Metalex Corporation	Sub.	Sale of non-ferrous metal products, materials for home heat solution
	Sumisho Speciality Steel Corporation	Sub.	Stock, sale, and processing of specialty steel
	Sumisho Steel Sheets Works Co., Ltd.	Sub.	Shearing, slitting, and sale of steel sheets
	Sumisho Tekko Hanbai Co., Ltd.	Sub.	Sale of steel products
	Summit Showa Aluminum Ltd.	Sub.	Production of aluminum alloy ingots
	Summit Steel Corporation	Sub.	Sale of steel sheets
	Tanimoto Steel Corporation	Sub.	Shearing, slitting, and sale of steel sheets
Asia	Dong Guan Summit Metal Products Co., Ltd. (China)	Sub.	Shearing, slitting, and sale of steel sheets
	Dong Guan S.Y. Metal Ltd. (China)	Sub.	Shearing, slitting, and sale of steel sheets
	Foshan Summit Nikka Mold & Metal Products Co., Ltd. (China)	Sub.	Stock, sale, and processing of tool steel
	Shanghai Hi-Tec Metal Products Co., Ltd. (China)	Sub.	Manufacture and sale of metal-processing products
	Shanghai Nikka Metal Products Co., Ltd. (China)	Sub.	Stock, sale, and processing of tool steel
	Shanghai Summit Metal Products Co., Ltd. (China)	Sub.	Shearing, slitting, and sale of steel sheets
	Tianjin Hua Zhu Metal Products Co., Ltd. (China)	Sub.	Shearing, slitting, and sale of steel sheets
	Wuxi Summit-Bao Metal Products Co., Ltd. (China)	Sub.	Shearing, slitting, and sale of steel sheets
	Zhongshan Nomura Steel Product Co., Ltd. (China)	Sub.	Shearing, slitting, and sale of steel sheets
	India Steel Summit Private Limited (India)	Sub.	Shearing, slitting of steel plates and manufacture of metal stamping parts and die
	P.T. Super Steel Indah (Indonesia)	Ass.	Shearing, slitting, and sale of steel sheets
	P.T. Super Steel Karawang (Indonesia)	Sub.	Shearing, slitting, and sale of steel sheets
	Steel Centre Malaysia Sdn. Bhd. (Malaysia)	Sub.	Shearing, slitting, and sale of steel sheets
	Sumiputeh Steel Centre Sdn. Bhd. (Malaysia)	Ass.	Shearing, slitting, and sale of steel sheets
	Calamba Steel Center Inc. (Philippines)	Sub.	Shearing, slitting, and sale of steel sheets
	Mactan Steel Center Inc. (Philippines)	Sub.	Shearing, slitting, and sale of steel sheets
	Asian Steel Company Ltd. (Singapore)	Sub.	Shearing, slitting, and sale of steel sheets
	Mason Metal Industry Co., Ltd. (Taiwan)	Sub.	Shearing, slitting, and sale of steel sheets
	CS Metal Co., Ltd. (Thailand)	Ass.	Shearing, slitting, and sale of steel sheets
	CS Non-Ferrous Center Co., Ltd. (Thailand)	Ass.	Shearing, slitting, and sale of non-ferrous metal sheets
	Sumisho Laser Welding (Thailand) Co., Ltd. (Thailand)	Sub.	Manufacturing of metal tailor welded blanks (TWB)
	Thai Steel Service Center Ltd. (Thailand)	Sub.	Shearing, slitting, and sale of steel sheets
	Hanoi Steel Center Co., Ltd. (Vietnam)	Sub.	Shearing, slitting, and sale of steel sheets
	Saigon Steel Service & Processing Co. (Vietnam)	Ass.	Shearing, slitting, and sale of steel sheets
The Middle East	Summit Steel (M.E.) FZCO (UAE)	Sub.	Trade of various steel products, and shearing, slitting, and sales of steel sheets
Europe	Steel Center Europe, S.R.O. (Czech)	Ass.	Shearing, slitting, and sale of steel sheets
The Americas	Servilamina Summit Mexicana S.A. de C.V. (Mexico)	Sub.	Shearing, slitting, and sale of steel sheets
	Arkansas Steel Associates LLC (U.S.)	Ass.	Steel mini mill (manufacture of railroad tie plates)
	SC Pipe Services Inc. (U.S.)	Sub.	Investment in pipe manufacturing and sales company in the U.S.
	Summit Stainless Steel LLC (U.S.)	Sub.	Sales of stainless steel products
Oceania	SC Metal Pty. Ltd. (Australia)	Sub.	Investment in aluminum smelting operation in Australia

Transportation & Construction Systems Business Unit

		Subsidiary/ Associated Company	Main Business
Japan	KIRIU Corporation	Sub.	Automotive components manufacturer (disc rotors, brake drums, etc.)
	Oshima Shipbuilding Co., Ltd.	Ass.	Shipbuilding
	SC-ABeam Automotive Consulting	Sub.	Automotive industry focused consulting
	SC Automotive Investment	Sub.	Automotive related investment fund operation and management
	Sumisho Aero-Systems Corporation	Sub.	Sale of aerospace equipment
	Sumisho Machinery Trade Corporation	Sub.	Trading of machinery, equipment and automobiles
	Sumisho Marine Co., Ltd.	Sub.	Ship related operational services
	Sumisho Rental Support Corporation	Sub.	Rental of aerial work platforms, temporary housing house, hydraulic excavator, attachment, etc.
	Sumitomo Mitsui Auto Service Company, Limited	Ass.	Leasing of motor vehicles
Asia	Chongqing Sumisho Yunxin Logistics Co., Ltd. (China)	Sub.	Logistics service and light assembly for automotive components
	SC Construction Machinery (Shanghai) Corporation (China)	Sub.	Sale, rental, other services of construction equipment
	Shanghai Baosteel Summit Auto Trading Co., Ltd. (China)	Ass.	Dealership of motor vehicles
	Kubota Agricultural Machinery India Private Ltd. (India)	Ass.	Sale of tractors, combines, and rice transplanters in India
	SML Isuzu Limited (India)	Ass.	Commercial vehicle manufacturer
	P.T. Asuransi Sumit Oto (Indonesia)	Sub.	Insurance for automobiles and motorcycles
	P.T. Oto Multiartha (Indonesia)	Sub.	Financing of automobiles
	P.T. Summit Oto Finance (Indonesia)	Sub.	Financing of motorcycles
	P.T. Traktor Nusantara (Indonesia)	Ass.	Forklift hire/rental, and sale/service for forklift, farm tractor and industrial equipment
	Sumisho Motor Finance Corporation (Philippines)	Ass.	Financing of motorcycles
	Summit Auto Management (Thailand)	Sub.	Holding and management company of automotive dealership and finance companies
	Summit Capital Leasing Co., Ltd. (Thailand)	Sub.	Financing of motorcycles
	Toyota Can Tho Company Ltd. (Vietnam)	Ass.	Dealership of Toyota motor vehicles
	Toyota Giai Phong Company (Vietnam)	Ass.	Dealership of Toyota motor vehicles
	Toyota Ly Thuong Kiet (Vietnam)	Sub.	Dealership of Toyota motor vehicles
The Middle East	Summit Auto Trade Facilities (Jordan)	Sub.	Financing of motor vehicles
	Nissan Otomotiv A.S. (Turkey)	Sub.	Import and wholesale of Nissan motor vehicles and parts
Europe	Sumitec International, Ltd. (Russia)	Sub.	Sale and aftersales service of construction, mining and material handling equipment
	Summit Motors (Vladivostok) (Russia)	Sub.	Import and sale of Toyota motor vehicles and parts
	Tecnosumit (Tecnologia para La Construccion y Mineria S.L.) (Spain)	Sub.	Holding and management company of Komatsu distributors and other business in Europe
	Toyota Canarias, S.A. (Canary Islands, Spain)	Sub.	Import and wholesale of Toyota and Lexus motor vehicles and parts
	Summit Motors Ukraine (Ukraine)	Sub.	Dealership of Toyota and Lexus motor vehicles
	Toyota Ukraine (Ukraine)	Sub.	Import and wholesale of Toyota and Lexus motor vehicles and parts
The Americas	SMS Construction and Mining Systems Inc. (Canada)	Sub.	Holding and management company of Komatsu distributor and other business
	SMS Equipment Inc. (Canada)	Sub.	Operates dealership of Komatsu construction, mining machinery, and others
	Mazda Motor Manufacturing de Mexico S.A. de C.V. (Mexico)	Ass.	Manufacturing of Mazda motor vehicles
	Linder Industrial Machinery Company (U.S.)	Sub.	Operates dealership of Komatsu construction equipment and others
	SMS International Corporation (U.S.)	Sub.	Holding and management company of Komatsu distributor and other business
	Summit Motor Management, Inc. (U.S.)	Sub.	Holding and management company of automotive dealerships
Oceania	Summit Auto Lease Australia Pty Limited (Australia)	Sub.	Motor vehicle leasing to corporate customers
Africa	Toyota Libya FZC (Libya)	Sub.	Import and sale of Toyota motor vehicles and parts

Infrastructure Business Unit

		Subsidiary/ Associated Company	Main Business
Japan	Inamoto Manufacturing Co., Ltd.	Sub.	Manufacture and sale of industrial washing machines
	SC Hiroshima Energy Corporation	Sub.	Electricity and steam supply (energy service provider)
	Sumisho Inax Corporation	Sub.	Sale and maintenance of industrial washing machines
	Sumisho Machinery Trade Corporation	Sub.	Trading of machinery, equipment and automobiles in Japan
	Sumitomo Shoji Machinex Co., Ltd.	Sub.	Sale of machinery and equipment
	Summit Energy Corporation	Sub.	Planning, development and operation of, and energy sales for domestic business in the electric power and energy fields
	Summit Power Holdings Limited	Sub.	Planning, development and operation of electric power
Asia	MobiCom Corporation (Mongolia)	Ass.	Integrated telecommunication service in Mongolia
	Mekong Energy Company Ltd. (Vietnam)	Ass.	Power generation and supply of electricity in Vietnam
The Middle East	Hidd Power Company (Bahrain)	Ass.	Power generation and sea water desalination project company in Bahrain
	Shuweihat CMS International Power Company PJSC (UAE)	Ass.	Power generation and sea water desalination project company in the UAE
Europe	CBK Netherlands Holdings B.V. (Netherlands)	Ass.	Holding company of CBK Power Company Ltd, which operates hydraulic power plant in the Philippines
The Americas	Perennial Power Holdings Inc. (U.S.)	Sub.	Development, ownership and management of power plant in the U.S.
	Summit Wind Power Texas, Inc. (U.S.)	Sub.	Development, ownership and management of wind-power plant in the U.S.
Oceania	Summit Southern Cross Power Pty. Ltd. (Australia)	Sub.	Development, ownership and management of power plant in Australia

Media, Network & Lifestyle Retail Business Unit

Japan	Barneys Japan Co., Ltd.	Sub.	Import and sale of apparel, accessories, cosmetics, and goods
	EWEL, Inc.	Ass.	Corporate benefits administration outsourcing
	Jupiter Shop Channel Co., Ltd.	Sub.	Operation of TV shopping channel
	Jupiter Telecommunications Co., Ltd. (J:COM)	Ass.	Operation of multiple cable TV systems (MSO) and channels (MCO)
	Mammy Mart Corporation	Ass.	Supermarket chain
	MARC JACOBS JAPAN K.K.	Ass.	Import and sale of bags, apparel and accessories, "MARC JACOBS" and "MARC BY MARC JACOBS"
	SC NETSUPER CORP.	Sub.	Online grocery shopping service
	SCSK Corporation	Sub.	System integration, IT infrastructure implementation, IT management, BPO, IT hardware & software sales
	Soukai Drug Co., Ltd.	Sub.	Internet drugstore
	Sumisho Brand Management Corporation (from April 2012)	Sub.	Import, designing and sales of the German luxury line of Chenille fabrics brand "FEILER" and women's apparel and accessories brand, "NARA CAMICIE"
	Sumisho Drugstores Inc.	Sub.	Drugstore chain
	Sumisho Interior International Inc.	Sub.	Space and interior designing and installation, import, export and sale of consumer goods, such as furniture and carpet for residential and contract use
	Sumitex International Co., Ltd	Sub.	Production and sale of textile products and materials
	Summit, Inc.	Sub.	Supermarket chain
	T-Gaia Corporation	Ass.	Sale of cellular phones and fixed line telecommunication services
	WAM!NET Japan K.K.	Sub.	Data transfer and storage services for video, music and image sources
Asia	Sumisho E-commerce (Shanghai) Ltd. (China)	Sub.	Online retailer of food and household goods
	PT Sumisho E-commerce Indonesia (Indonesia)	Sub.	Online retailer of food and household goods

		Subsidiary/ Associated Company	Main Business
Mineral Resources, Energy, Chemical & Electronics Business Unit			
Japan	Enessance Holdings Co., Ltd.	Ass.	Planning strategy of LPG & home solution business, controlling its subsidiaries, and LPG wholesale
	LNG Japan Corporation	Ass.	Trading of LNG, investment and financing related to LNG business
	Nippon Power Graphite Co., Ltd	Ass.	Manufacture and sale of lithium-ion battery anode material
	Nusa Tenggara Mining Corporation	Sub.	Investment in and financing of the Batu Hijau copper/gold mine project in Indonesia
	Osakagas Summit Resources Co., Ltd.	Ass.	Investment in oil and natural gas development business
	Petrocokes Japan Ltd.	Sub.	Manufacture and sale of petroleum needle coke
	Soda Ash Japan Co., Ltd.	Sub.	Sale of soda ash from the U.S.
	Sumitomo Shoji Chemicals Co., Ltd.	Sub.	Sale and trade of chemicals and plastics
	Sumitronics Corporation	Sub.	Electronics manufacturing service
	Summit Agro International, Ltd.	Sub.	Development and sales of crop protection products, household insecticides and pet-care products
	Summit CRM, Ltd.	Sub.	Trading of carbon-related materials (coke, etc.), refractories and ferrous raw materials
	Summit Pharmaceuticals International Corporation	Sub.	Drug discovery services, pharmaceutical development, and supply of active pharmaceutical ingredients, intermediates and formulations
Asia	Petro Summit Pte. Ltd. (Singapore)	Sub.	International trade of crude oil and petroleum products
	Sumitronics Taiwan Co., Ltd. (Taiwan)	Sub.	Sale of electronics materials and parts
Europe	Appak LLP (Kazakhstan)	Ass.	Development of uranium mine in Kazakhstan and production/sale of uranium ore concentrates
	SMM Cerro Verde Netherlands B.V. (Netherlands)	Ass.	Investment in the Cerro Verde copper mine in Peru
	Alcedo SRL (Romania)	Sub.	Integrated sale of agricultural materials in Romania
	Interacid Trading S.A. (Switzerland)	Sub.	International trade of sulfur and sulfuric acid
	Summit Minerals GmbH (Switzerland)	Sub.	Sale of silver, zinc and lead concentrates produced in San Cristobal project in Bolivia
	C & O Pharmaceutical Technology (Holdings) Limited (Bermuda Islands)	Ass.	R&D, manufacture, import, and sale of pharmaceutical products
	Summit Petroleum Limited (U.K.)	Sub.	Exploration, development, production and sale of and investment in oil and natural gas in U.K. North Sea
	Sumi Agro Europe Limited (U.K.)	Sub.	Investment in agricultural chemicals business in Europe
The Americas	Minera San Cristobal S.A. (Bolivia)	Sub.	Mining of San Cristobal silver, zinc and lead project in Bolivia
	Mineração Usiminas S.A. (Brazil)	Ass.	Exploitation, production and export of iron ore and development of related infrastructure
	SMM Sierra Gorda Inversiones Limitada (Chile)	Ass.	Investment in the Sierra Gorda copper and molybdenum mine in Chile
	Summit Agro Mexico S.A. de C.V. (Mexico)	Sub.	Sale of agricultural chemicals in Mexico
	Pacific Summit Energy LLC (U.S.)	Sub.	Sale of natural gas
	Presperse Corporation (U.S.)	Sub.	Formulation and distribution of specialty ingredients and formulated solutions for the cosmetic and personal care markets
	SC Minerals America, Inc. (U.S.)	Sub.	Investment in the Morenci copper mine, the Pogo gold mine in the U.S. and the Candelaria and Ojos del Salado copper mines in Chile
	Summit Agro USA, LLC (U.S.)	Sub.	Sale of agricultural chemicals in the U.S.
	Summit Discovery Resources LLC (U.S.)	Sub.	Exploration, development, production, sale of and investment in natural gas in North America
	Summit Petrochemical Trading Inc. (U.S.)	Sub.	Sale and trade of aromatics products
	The Hartz Mountain Corporation (U.S.)	Ass.	Manufacturing, distribution, and sales of pet care products
Oceania	SC Mineral Resources Pty. Ltd. (Australia)	Sub.	Investment in the Northparkes copper mine in Australia
	Sumisho Coal Australia Pty. Ltd. (Australia)	Sub.	Investment in coal mines in Australia
Africa	Ambatovy Minerals S.A. (Madagascar)	Ass.	Mining of Ambatovy nickel project in Madagascar
	Dynatec Madagascar S.A. (Madagascar)	Ass.	Processing and refining of Ambatovy nickel project in Madagascar
	Oresteel Investments (Proprietary) Limited (South Africa)	Ass.	Investment in Assmang iron ore and manganese mine in South Africa

General Products & Real Estate Business Unit

		Subsidiary/ Associated Company	Main Business
Japan	Chiba Flour Milling Co., Ltd	Ass.	Flour milling
	Chiba Kyodo Silo Co., Ltd.	Sub.	Operation of silo facility and handling of grain, such as wheat, barley and corn
	Green San-ai Inc.	Sub.	Collection, converting, and sales of recovered-paper
	HARUMICORPORATION	Ass.	Facility management of Harumi Triton Square
	i879 Co., Ltd.	Sub.	Online flower gifts order processor
	IG Kogyo Co., Ltd.	Sub.	Manufacture and sale of insulated metal panels for roofing and walls
	KI Fresh Access, INC.	Ass.	Fresh product wholesale
	Musashino Paper Inc.	Sub.	Collection, converting, and sales of recovered-paper
	Nissin Sugar Holdings Co., Ltd.	Ass.	Holding company of sugar refinery and sales subsidiaries Shinko Sugar Co., Ltd. and Nissin Sugar Manufacturing Co., Ltd.
	REIBI CO., LTD.	Sub.	Facility management of buildings in Kansai region
	SAKAUE Co., Ltd.	Ass.	Production of vegetables and corn
	S.C. Cement Co., Ltd.	Sub.	Sale of cement, ready-mixed concrete and concrete products
	S.C. Cement (Kyushu) Co., Ltd.	Sub.	Sale of ready-mixed concrete, concrete products, cement and aggregate
	SC Foods Co., Ltd.	Sub.	Import, development, and sale of foodstuffs
	SEVEN INDUSTRIES CO., LTD.	Sub.	Manufacture and sale of laminated lumber and wood products
	Shinko Sugar Mill Co., Ltd	Ass.	Sugar production
	Sumifru Corporation	Sub.	Import and sale of fruits and vegetables
	Sumisho & Mitsuibussan Kenzai Co., Ltd.	Ass.	Sale of building materials
	SUMISHO BUILDING MANAGEMENT CO., LTD.	Sub.	Property management of office buildings
	Sumisho Paper Co., Ltd.	Sub.	Sale of pulp, recovered-paper, paper, paperboard and packaging materials
	Sumisho Realty Management Co., Ltd.	Sub.	Asset management business of real estate
	SUMISHO TATEMONO CO., LTD.	Sub.	Sales and management of residential properties, housing remodeling
	Sumisho Urban Kaihatsu Co., Ltd.	Sub.	Planning, development, management, and operation of shopping centers
	Summit Agri-Business Corporation	Sub.	Manufacture and sale of fertilizer and agriculture-related materials
	Summit Oil Mill Co., Ltd.	Sub.	Manufacture and sale of vegetable oil and oil meal
	Yasato Kosan Co., Ltd.	Sub.	Owning and operating of golf course: Summit Golf Club (Ibaraki Pref.)
	Yokohama City Management Co., Ltd.	Ass.	Management, operation and leasing of multipurpose facilities in Minato Mirai 21
Asia	Summit Fertilizer (Foshan) Co., Ltd (China)	Ass.	Manufacture and sale of chemical fertilizer
	Summit Fertilizer (Qingdao) Co., Ltd. (China)	Ass.	Manufacture and sale of chemical fertilizer
	P.T. Summitmas Property (Indonesia)	Ass.	Management, operation and leasing of office buildings
	Sumifert Sdn. Bhd. (Malaysia)	Sub.	Import and sale of fertilizers
	Dunlop Tire Thailand Co., Ltd. (Thailand)	Ass.	Wholesale of tires to the replacement tire market in Thailand
	Sumi-Thai Fertilizer Co., Ltd. (Thailand)	Sub.	Import of fertilizer materials and sale of chemical fertilizers
The Middle East	Shaheen Tyres Company L.L.C. (UAE)	Ass.	Import and sale of tires in the UAE
Europe	Dunlop Tire CIS, LLC (Russia)	Ass.	Import and sale of tires in CIS (except Ukraine/Mordovskaya)
	OAO Terneyles (Russia)	Ass.	General forest products company
	ZAO PTS Hardwood (Russia)	Ass.	Manufacture and sale of laminated lumber and wood products
	ZAO STS Technowood (Russia)	Sub.	Manufacture and sale of laminated lumber and wood products
The Americas	Volterra S.A. (Chile)	Ass.	Afforestation, manufacture and sale of woodchip for paper
	TBC Corporation (U.S.)	Sub.	Retail and wholesale of tires
Oceania	Emerald Group Australia Pty Ltd (Australia)	Ass.	Grain collecting
	Summit Rural Western Australia Pty. Ltd. (Australia)	Sub.	Import of fertilizer materials and sale of chemical fertilizers in Western Australia
	SUMMIT TYRES AUSTRALIA PTY LTD (Australia)	Sub.	Import and wholesale of tires

		Subsidiary/ Associated Company	Main Business
New Industry Development & Cross-function Business Unit			
Japan	Bluewell Corporation	Sub.	Agent for casualty insurance and life insurance
	Bluewell Insurance Brokers Ltd.	Sub.	Broker for casualty insurance and re-insurance
	Sumisho Global Logistics Co., Ltd.	Sub.	Global logistics provider
	Sumisho Materials Corporation	Sub.	Trading of precious metals and other products
	Sumitomo Mitsui Finance and Leasing Company, Limited.	Ass.	Finance and lease
	Summit Air Service Corporation	Sub.	Travel agency
	Tomra Japan Limited	Ass.	Collection and recycling of used beverage containers
Asia	Nanjing CMSCL Co., Ltd. (China)	Ass.	Automobile related transportation
	Sumisho Global Logistics (China) Co., Ltd. (China)	Sub.	Warehousing and distribution services
	Tianjin Dowa Green Angel Summit Recycling Co., Ltd. (China)	Ass.	e-Waste recycling business
	Sumitomo Corporation Equity Asia Limited (Hong Kong)	Sub.	Venture investment in China and Asia
	P.T. East Jakarta Industrial Park (Indonesia)	Sub.	Development, sales, and operation of industrial estate in Indonesia
	PT Sumisho Global Logistics Indonesia (Indonesia)	Sub.	Warehousing and distribution services
	First Philippine Industrial Park, Inc. (Philippines)	Ass.	Development, sales, and operation of industrial estate in Philippines
	Bluewell Insurance (Singapore) Pte. Ltd. (Singapore)	Sub.	Captive insurance company
	Sumisho Global Logistics (Thailand) Co., Ltd. (Thailand)	Sub.	Warehousing and distribution services
	Dragon Logistics Co., Ltd. (Vietnam)	Ass.	Warehousing and distribution services
	Thang Long Industrial Park Corporation (Vietnam)	Sub.	Development, sales, and operation of industrial estate in Vietnam
	Thang Long Industrial Park II Corporation (Vietnam)	Sub.	Development, sales, and operation of industrial estate in Vietnam
Europe	Lavansol 1 S.A.S (France)	Ass.	Development and operation of solar power generation plant
	Sumisho Global Logistics Europe GmbH (Germany)	Sub.	Warehousing and distribution services
	SMBC Aviation Capital Limited (from June 2012) (Ireland)	Ass.	Aircraft operating lease
	Energia Rinnovabile S.r.l (Italy)	Sub.	Development and operation of solar power generation plant
	Energy Power S.r.l (Italy)	Sub.	Development and operation of solar power generation plant
	SMFL Aircraft Capital Corporation B.V. (Netherlands)	Ass.	Aircraft operating lease
	Sumisho Aircraft Asset Management B.V. (Netherlands)	Sub.	Aircraft operating lease
	Energia Verde De La Macaronesia, S.L. (EVM) (Spain)	Ass.	Development and operation of solar power generation plant
	EVM2 Energias Renovables S.L. (EVM2) (Spain)	Ass.	Development and operation of solar power generation plant
	Bluewell Reinsurance Company (Bermuda) Ltd. (U.K.)	Sub.	Captive insurance company (Rent A Captive)
	Sumitomo Corporation Global Commodities Limited (U.K.)	Sub.	Trading and marketing of commodities
The Americas	Presidio Ventures, Inc. (U.S.)	Sub.	Strategic venture investment in the U.S.
	Sumisho Global Logistics (USA) Corporation (U.S.)	Sub.	International intermodal transport
Oceania	Bluewell Reinsurance (Micronesia) Ltd. (Micronesia)	Sub.	Captive insurance company
Domestic			
Japan	Ishida Metal Co., Ltd.	Sub.	Processing and sale of stainless steel sheets
	Nippon Katan Co., Ltd.	Sub.	Manufacture and sale of power line hardware
	SC Machinery & Service Co., Ltd.	Sub.	Sales of equipment for automotive industries and factory automation products
	Sumisho Airbag Systems Co., Ltd.	Sub.	Manufacture and sale of cushions for side curtain airbags
	Sumisho Material Chugoku Co., Ltd.	Sub.	Sale of steel materials for civil engineering and construction
	Sumisho Montblanc Co., Ltd.	Sub.	Processing and sale of work uniforms and related clothing products
	Tortoise Co., Ltd.	Sub.	Sale of interior goods and home furnishing to consumers’ cooperatives
Oceania	Summit Wool Spinners Limited (New Zealand)	Sub.	Manufacture and sale of wool yarn for carpets

		Subsidiary/ Associated Company	Main Business
Overseas			
The Middle East	Mezon Stainless Steel FZCO (UAE)	Sub.	Sales of stainless steel tubular, pipe, and plates
	SC Tubular and Steel Products (M.E.) FZCO (UAE)	Sub.	Sale of steel tubular and steel products
Europe	Sumisho Global Logistics Europe GmbH (Germany)	Sub.	Forwarding, logistics business
	Summit D&V Kft. (Hungary)	Sub.	OEM supply, sub-assembly and sequence delivery of automotive components
	Summit Auto Poland Sp. z.o.o (Poland)	Sub.	Dealership of Honda motor vehicles
	Summit Motors Poland Sp. z.o.o. (Poland)	Sub.	Dealership of Ford motor vehicles
	Summit Finance Slovakia s.r.o. (Slovakia)	Sub.	Financing of motor vehicles
	Summit Motors Slovakia s.r.o. (Slovakia)	Sub.	Import and sale of Ford motor vehicles and parts
	Summit Leasing Slovenija d.o.o. (Slovenia)	Sub.	Financing of motor vehicles and dealership
	Summit Motors Ljubljana d.o.o (Slovenia)	Sub.	Import and sale of Ford motor vehicles and parts
	SC Motors Sweden AB (Sweden)	Sub.	Management company of automotive distributorship and finance company, and wholesale of parts and accessories
	ERYNGIUM Ltd. (U.K.)	Sub.	Manufacturing, processing and distribution of speciality metals for OCTG market
	Sumitomo Corporation Capital Europe Plc (U.K.)	Sub.	Financial services to Group companies
The Americas	Summit Tubulars Corporation (Canada)	Sub.	Sales of tubular products for oil and gas industry
	AMTB Summit, S DE R.L. DE C.V. (Mexico)	Ass.	Blanking and laser-welding of steel parts for automotive industry
	Atlantic Hills Corporation (U.S.)	Sub.	Investment in house developments
	Consolidated Systems, Inc (U.S.)	Ass.	Manufacturing and sales of steel products for construction
	Diversified CPC International, Inc. (U.S.)	Sub.	Mixing, refining, and sale of aerosol gases
	Global Stainless Supply, Inc. (U.S.)	Sub.	Wholesale of stainless steel tubes
	Katana Summit LLC (U.S.)	Sub.	Manufacturing of wind power tower
	Leavitt Tube Company, LLC (U.S.)	Ass.	Manufacturing of structural tubing
	123 Mission LLC (U.S.)	Sub.	Office building leasing
	Oxford Finance LLC (U.S.)	Ass.	Specialty finance dedicated to life science and healthcare industry
	Pipeco Services, Inc (U.S.)	Sub.	Sales of tubular products for oil and gas industry
	Premier Pipe LLC (U.S.)	Sub.	Sales of tubular products for oil and gas industry
	Pyramid Tubular Products, L.P. (U.S.)	Ass.	Sales of tubular products for oil and gas industry
	SCOA Residential, LLC (U.S.)	Sub.	Investment in house/apartment developments
	1750 K Street LLC (U.S.)	Sub.	Office building leasing
	Stanton Wind Energy, LLC (U.S.)	Ass.	Investment in wind power plant projects
	Steel Summit Holdings, Inc. (U.S.)	Sub.	Shearing, slitting, and sale of steel sheets
	Steel Summit International, Inc. (U.S.)	Sub.	Sales of steel products
	Sumisho Global Logistics (USA) Corporation (U.S.)	Sub.	International intermodal transport
	Summit Wind Energy Inc, (U.S.)	Sub.	Investment in wind power plant projects
	TBC Corporation (U.S.)	Sub.	Retail and wholesale of tires
	The Hartz Mountain Corporation (U.S.)	Ass.	Manufacturing, distribution, and sales of pet care products
	Tubular Solutions Alaska, LLC (U.S.)	Sub.	Sales of tubular products for oil and gas industry
	201 Biscayne LLC (U.S.)	Sub.	Office building leasing
	Unique Machine, LLC (U.S.)	Sub.	Threading and processing of tubular products for oil and gas industry
	VAM USA, LLC (U.S.)	Ass.	Threading and processing of tubular products for oil and gas industry
	V & M Star LP (U.S.)	Ass.	Seamless tubular products mill
Others			
Japan	Sumisho Administration Services Co., Ltd.	Sub.	Personnel and general affairs services
	Sumitomo Shoji Financial Management Co., Ltd.	Sub.	Financial services such as cash management, trade settlement, and accounting services to Sumitomo Corporation and its subsidiaries
	Sumitomo Shoji Research Institute, Inc.	Sub.	Research and consulting for Sumitomo Corporation Group companies

Financial Section

Financial Section

Reference Information

Five-Year Financial Summary

For the years ended March 31

<IFRS>

We have prepared consolidated financial statements in accordance with International Financial Reporting Standards ("IFRSs") since the fiscal year ended March 31, 2011.
The date of transition to IFRSs was April 1, 2009.

1. Key Financial Indicators

	Billions of Yen				Millions of U.S. Dollars
	2012	2011	2010	2009	**2012**
Total assets	**¥7,226.8**	¥7,230.5	¥7,107.0	¥6,970.5	**$88,131**
Equity attributable to owners of the parent*1	**1,689.1**	1,570.5	1,533.3	1,285.5	**20,598**
Equity attributable to owners of the parent ratio (%)*1	**23.4**	21.7	21.6	18.4	**23.4**
Return on equity (%)	**15.4**	12.9	11.7	—	**15.4**
Return on assets (%)	**3.5**	2.8	2.3	—	**3.5**
Interest-bearing liabilities (gross)	**3,613.8**	3,767.4	3,611.6	3,715.0	**44,071**
Interest-bearing liabilities (net)	**2,786.7**	3,056.3	2,792.2	3,198.7	**33,984**
Debt-equity ratio (gross) (times)	**2.1**	2.4	2.4	2.9	**2.1**
Debt-equity ratio (net) (times)	**1.6**	1.9	1.8	2.5	**1.6**
Working capital	**1,317.3**	1,146.2	1,062.7	820.7	**16,065**

2. Consolidated Statements of Comprehensive Income

	Billions of Yen			Millions of U.S. Dollars
	2012	2011	2010	**2012**
Revenues:				
Sales of tangible products	**¥ 2,557.0**	¥ 2,525.5	¥ 2,326.1	**$ 31,183**
Sales of services and others	**704.0**	574.6	550.7	**8,585**
Total revenues	**3,261.0**	3,100.2	2,876.7	**39,768**
Cost:				
Cost of tangible products sold	**(2,066.9)**	(2,032.2)	(1,897.4)	**(25,206)**
Cost of services and others	**(275.3)**	(204.0)	(204.2)	**(3,357)**
Total cost	**(2,342.2)**	(2,236.2)	(2,101.7)	**(28,563)**
Gross profit	**918.8**	864.0	775.1	**11,205**
Other income (expenses):				
Selling, general and administrative expenses	**(686.4)**	(660.7)	(650.6)	**(8,371)**
Impairment losses on long-lived assets	**(13.3)**	(19.9)	(10.0)	**(163)**
Gain (loss) on sale of property, plant and equipment, net	**4.4**	2.2	9.4	**53**
Other, net	**(3.6)**	(2.2)	1.5	**(43)**
Total other income (expenses)	**(699.0)**	(680.5)	(649.7)	**(8,524)**
Operating profit	**219.9**	183.5	125.4	**2,681**
Finance income (costs):				
Interest income	**13.9**	13.9	15.8	**170**
Interest expense	**(29.0)**	(32.0)	(40.6)	**(353)**
Dividends	**11.2**	10.0	11.3	**137**
Gain (loss) on securities and other investments, net	**14.8**	9.5	35.7	**180**
Finance income (costs), net	**10.9**	1.4	22.2	**134**
Share of profit of investments accounted for using the equity method	**110.6**	95.6	74.4	**1,349**
Profit before tax	**341.4**	280.5	222.0	**4,164**
Income tax expense	**(77.7)**	(70.7)	(52.6)	**(948)**
Profit for the year	**263.7**	209.8	169.4	**3,216**
Profit for the year attributable to:				
Owners of the parent	**250.7**	200.2	165.4	**3,057**
Non-controlling interests	**13.0**	9.6	4.0	**159**
Other comprehensive income:				
Exchange differences on translating foreign operations	**(67.5)**	(87.7)	38.5	**(823)**
Available-for-sale securities	**—**	—	55.3	**—**
Financial assets measured at fair value through other comprehensive income	**(1.4)**	(39.5)	—	**(16)**
Cash-flow hedges	**2.0**	4.9	(1.7)	**24**
Actuarial gains (losses) on defined benefit pension plans	**(12.0)**	(13.9)	17.5	**(147)**
Share of other comprehensive income of investments accounted for using the equity method	**4.8**	(0.4)	7.0	**58**
Other comprehensive income, net of tax	**(74.1)**	(136.6)	116.6	**(904)**
Comprehensive income for the year	**¥ 189.6**	¥ 73.2	¥ 285.9	**$ 2,312**
Comprehensive income for the year attributable to:				
Owners of the parent	**180.0**	66.4	280.3	**2,196**
Non-controlling interests	**9.6**	6.8	5.6	**116**
Total trading transactions*2	**¥ 8,273.0**	¥ 8,349.4	¥ 7,757.4	**$100,891**

Note: The U.S. dollar amounts represent translations of Japanese yen amounts at the rate of ¥82 = U.S.$1, the approximate exchange rate on March 31, 2012.

*1 Under accounting principles generally accepted in the United States of America ("U.S. GAAP"), "Equity attributable to owners of the parent" corresponds to "Sumitomo Corporation shareholders' equity" and "Equity attributable to owners of the parent ratio" corresponds to "Sumitomo Corporation shareholders' equity ratio."

*2 Total trading transactions represents the gross transaction volume of trading activities, or the nominal aggregate value of the transactions for which the Companies act as principal or as agent. Total trading transactions is a measure commonly used by Japanese trading companies. It is not to be construed as equivalent to, or a substitute for, sales or revenues under IFRSs.

<U.S. GAAP>

We established quantitative targets in our medium-term management plan based on U.S. GAAP until the fiscal year ended March 31, 2011.
For readers' convenience, we disclose the consolidated financial information based on U.S. GAAP for the fiscal year ended March 31, 2011.

1. Key Financial Indicators

	Billions of Yen			
	2011	2010	2009	2008
Total assets	¥7,269.3	¥7,137.8	¥ 7,018.2	¥7,571.4
Sumitomo Corporation Shareholders' equity	1,619.9	1,583.7	1,353.1	1,492.7
Sumitomo Corporation Shareholders' equity ratio (%)	22.3	22.2	19.3	19.7
Return on equity (%)	12.7	10.6	15.1	16.1
Return on assets (%)	2.8	2.2	2.9	3.0
Interest-bearing liabilities (gross)	3,752.9	3,600.7	3,702.7	3,709.8
Interest-bearing liabilities (net)	3,041.8	2,781.8	3,186.8	3,247.6
Debt-equity ratio (gross) (times)	2.3	2.3	2.7	2.5
Debt-equity ratio (net) (times)	1.9	1.8	2.4	2.2
Working capital	1,024.2	992.0	795.1	990.4

2. Consolidated Statements of Income

	Billions of Yen			
	2011	2010	2009	2008
Revenues:				
Sales of tangible products	¥2,525.4	¥2,336.6	¥ 2,833.3	¥ 3,040.7
Sales of services and others	576.6	547.5	678.3	630.2
Total revenues	3,102.0	2,884.2	3,511.6	3,670.9
Cost:				
Cost of tangible products sold	(2,034.0)	(1,899.4)	(2,342.9)	(2,551.7)
Cost of services and others	(204.5)	(205.2)	(233.5)	(184.7)
Total cost	(2,238.5)	(2,104.7)	(2,576.3)	(2,736.4)
Gross profit	863.5	779.5	935.2	934.5
Other income (expenses):				
Selling, general and administrative expenses	(647.5)	(639.2)	(654.4)	(669.4)
Provision for doubtful receivables	(16.4)	(19.8)	(17.5)	(11.1)
Impairment losses on long-lived assets	(5.2)	(4.7)	(14.7)	(13.5)
Gain (loss) on sale of property and equipment, net	2.2	9.8	(0.4)	3.5
Interest income	13.6	15.4	21.6	28.3
Interest expense	(29.2)	(39.5)	(57.7)	(71.1)
Dividends	10.0	11.3	14.6	15.3
Gain on marketable securities and other investments, net	13.8	32.9	4.5	94.9
Equity in earnings of associated companies, net	92.2	76.1	90.0	56.9
Other, net	(3.5)	1.5	(1.6)	(0.7)
Total other income (expenses)	(570.0)	(556.3)	(615.6)	(566.9)
Income before income taxes	293.6	223.3	319.6	367.6
Income taxes	(81.2)	(61.8)	(96.3)	(119.8)
Net income*1	212.4	161.5	223.3	247.8
Less: Net income attributable to noncontrolling interests*1	(9.6)	(6.3)	(8.3)	(8.9)
Net income attributable to Sumitomo Corporation*1	¥ 202.7	¥ 155.2	¥ 215.1	¥ 238.9
Total trading transactions*2	¥8,350.4	¥7,767.2	¥10,750.0	¥11,484.6

*1 For the fiscal year ended March 31, 2010, the Companies adopted ASC 810 "Consolidation" (formerly SFAS 160) and changed the certain presentation.

*2 Total trading transactions represents the gross transaction volume of trading activities, or the nominal aggregate value of the transactions for which the Companies act as principal or as agent. Total trading transactions is a measure commonly used by Japanese trading companies. It is not to be construed as equivalent to, or a substitute for, sales or revenues under accounting principles generally accepted in the United States of America ("U.S. GAAP").

3. Consolidated Statements of Comprehensive Income (Loss)

	Billions of Yen			
	2011	2010	2009	2008
Net income	¥212.4	¥161.5	¥ 223.3	¥ 247.8
Net unrealized holding gains (losses) on securities available-for-sale	(43.3)	55.8	(109.3)	(135.3)
Foreign currency translation adjustments	(76.9)	30.5	(169.5)	(58.8)
Net unrealized gains (losses) on derivatives	2.9	2.8	(12.2)	2.7
Pension liability adjustments	(13.8)	20.9	(25.6)	(11.5)
Comprehensive income (loss)	81.2	271.4	(93.2)	44.9
Less: Comprehensive income (loss) attributable to noncontrolling interests	(6.0)	(8.1)	2.0	(5.4)
Comprehensive income (loss) attributable to Sumitomo Corporation	¥ 75.2	¥263.2	¥ (91.2)	¥ 39.5

Note: For the fiscal year ended March 31, 2010, the Companies adopted ASC 810 "Consolidation" (formerly SFAS 160) and changed the certain presentation. The amounts for the years ended March 31, 2009 and 2008 are reclassified to conform to ASC 810.

<IFRS>

3. Consolidated Statements of Financial Position

	Billions of Yen				Millions of U.S. Dollars
	2012	2011	2010	2009	**2012**
ASSETS					
Current assets:					
Cash and cash equivalents	**¥ 821.9**	¥ 704.3	¥ 814.3	¥ 511.8	**$10,023**
Time deposits	**5.2**	6.8	5.1	4.5	**64**
Marketable securities	**20.5**	5.2	5.3	19.0	**250**
Trade and other receivables	**1,514.4**	1,511.4	1,512.7	1,622.6	**18,468**
Other financial assets	**48.2**	68.6	67.8	83.1	**588**
Inventories	**707.1**	698.8	670.2	832.2	**8,623**
Advance payments to suppliers	**217.7**	333.2	283.6	271.6	**2,655**
Other current assets	**155.3**	160.8	176.3	216.8	**1,894**
Total current assets	**3,490.3**	3,489.3	3,535.2	3,561.5	**42,565**
Non-current assets:					
Investments accounted for using the equity method	**1,246.7**	1,101.0	816.8	750.3	**15,203**
Other investments	**476.9**	446.3	522.0	449.6	**5,816**
Trade and other receivables	**645.7**	622.4	608.4	650.0	**7,875**
Other financial assets	**75.0**	53.5	53.7	62.6	**914**
Property, plant and equipment	**606.9**	813.4	838.3	808.4	**7,401**
Intangible assets	**331.6**	349.0	361.7	360.6	**4,044**
Investment property	**215.6**	237.7	244.3	220.0	**2,629**
Prepaid expenses	**36.1**	49.8	69.7	43.5	**440**
Deferred tax assets	**102.0**	68.1	56.9	64.0	**1,244**
Total non-current assets	**3,736.5**	3,741.2	3,571.8	3,409.0	**45,566**
Total assets	**¥7,226.8**	¥7,230.5	¥7,107.0	¥6,970.5	**$88,131**
LIABILITIES AND EQUITY					
Current liabilities:					
Bonds and borrowings	**¥ 632.3**	¥ 850.4	¥ 945.8	¥1,178.6	**$ 7,711**
Trade and other payables	**1,102.3**	1,026.2	1,045.8	971.5	**13,443**
Other financial liabilities	**54.6**	92.1	87.8	106.1	**666**
Income tax payables	**27.8**	33.5	30.6	27.9	**339**
Accrued expenses	**91.7**	88.2	86.4	81.9	**1,119**
Advances from customers	**181.0**	199.4	218.8	252.3	**2,207**
Provisions	**8.4**	5.9	3.9	4.2	**102**
Other current liabilities	**74.9**	47.2	53.4	118.4	**913**
Total current liabilities	**2,173.0**	2,343.1	2,472.5	2,740.8	**26,500**
Non-current liabilities:					
Bonds and borrowings	**2,981.5**	2,917.0	2,665.8	2,536.4	**36,360**
Trade and other payables	**108.7**	118.1	126.8	106.6	**1,326**
Other financial liabilities	**36.8**	34.0	52.4	67.1	**448**
Accrued pension and retirement benefits	**25.6**	18.8	20.1	21.3	**313**
Provisions	**22.8**	17.4	14.4	14.3	**278**
Deferred tax liabilities	**77.1**	100.1	117.8	96.6	**941**
Total non-current liabilities	**3,252.6**	3,205.3	2,997.3	2,842.2	**39,666**
Total liabilities	**5,425.6**	5,548.4	5,469.8	5,583.0	**66,166**
Equity:					
Common stock	**219.3**	219.3	219.3	219.3	**2,674**
Additional paid-in capital	**282.4**	288.9	289.1	291.8	**3,444**
Treasury stock	**(1.0)**	(1.1)	(1.1)	(1.1)	**(13)**
Other components of equity	**(63.0)**	(4.8)	109.9	12.0	**(768)**
Retained earnings	**1,251.4**	1,068.2	916.0	763.6	**15,261**
Equity attributable to owners of the parent	**1,689.1**	1,570.5	1,533.3	1,285.5	**20,598**
Non-controlling interests	**112.1**	111.6	104.0	101.9	**1,367**
Total equity	**1,801.2**	1,682.1	1,637.2	1,387.5	**21,965**
Total liabilities and equity	**¥7,226.8**	¥7,230.5	¥7,107.0	¥6,970.5	**$88,131**

<U.S. GAAP>

4. Consolidated Balance Sheets

	Billions of Yen			
	2011	2010	2009	2008
Current assets:				
Cash and cash equivalents	¥ 704.3	¥ 813.8	¥ 511.4	¥ 456.8
Time deposits	6.8	5.1	4.5	5.4
Marketable securities	5.2	5.3	19.0	19.9
Receivables—trade:				
Notes and loans	224.9	210.2	188.6	242.3
Accounts	1,179.7	1,204.9	1,304.0	1,782.1
Associated companies	109.7	107.6	115.9	109.3
Allowance for doubtful receivables	(24.5)	(26.2)	(16.5)	(14.8)
Inventories	703.3	676.8	840.1	756.2
Deferred income taxes	49.9	34.2	34.0	39.3
Advance payments to suppliers	64.0	68.5	94.9	73.9
Other current assets	204.8	211.7	279.0	253.4
Total current assets	3,228.3	3,311.9	3,374.8	3,723.8
Investments and long-term receivables:				
Investments in and advances to associated companies	1,223.9	936.7	893.4	883.6
Other investments	430.8	522.8	450.3	655.2
Long-term receivables	801.5	733.0	745.6	832.8
Allowance for doubtful receivables	(18.6)	(24.5)	(33.1)	(22.1)
Total investments and long-term receivables	2,437.5	2,167.9	2,056.2	2,349.5
Property and equipment, at cost	1,830.4	1,797.4	1,725.9	1,596.4
Accumulated depreciation	(727.3)	(673.0)	(670.7)	(599.3)
	1,103.1	1,124.4	1,055.1	997.1
Goodwill and other intangible assets	379.7	392.9	400.6	379.4
Prepaid expenses, non-current	48.5	70.8	43.5	47.8
Deferred income taxes, non-current	22.2	25.4	36.2	14.2
Other assets	50.1	44.4	51.7	59.6
Total	¥7,269.3	¥7,137.8	¥7,018.2	¥7,571.4
Current liabilities:				
Short-term debt	¥ 307.8	¥ 453.4	¥ 792.2	¥ 625.1
Current maturities of long-term debt	528.6	481.3	382.8	428.9
Payables—trade:				
Notes and acceptances	50.9	48.5	63.7	84.6
Accounts	891.7	921.0	830.4	1,159.2
Associated companies	31.4	20.7	34.9	26.7
Income taxes	33.6	31.0	28.1	37.4
Accrued expenses	89.8	91.4	85.6	101.5
Advances from customers	103.9	113.1	122.4	107.3
Other current liabilities	166.5	159.5	239.6	162.7
Total current liabilities	2,204.0	2,319.9	2,579.7	2,733.4
Long-term debt, less current maturities	3,173.8	2,938.5	2,821.3	3,012.0
Accrued pension and retirement benefits	20.9	19.2	20.0	14.1
Deferred income taxes, non-current	136.1	165.6	138.3	189.3
Equity:				
Sumitomo Corporation shareholders' equity:				
Common stock	219.3	219.3	219.3	219.3
Additional paid-in capital	288.3	288.6	291.3	291.0
Retained earnings:				
Appropriated for legal reserve	17.7	17.7	17.7	17.7
Unappropriated	1,398.6	1,234.6	1,109.4	943.1
	1,416.3	1,252.3	1,127.1	960.8
Accumulated other comprehensive income (loss)	(302.9)	(175.4)	(283.4)	22.8
Treasury stock, at cost	(1.1)	(1.1)	(1.1)	(1.2)
Total Sumitomo Corporation shareholders' equity*	1,619.9	1,583.7	1,353.1	1,492.7
Noncontrolling interests*	114.6	110.9	105.8	129.9
Total equity*	1,734.5	1,694.7	1,458.9	1,622.7
Total	¥7,269.3	¥7,137.8	¥7,018.2	¥7,571.4

* For the fiscal year ended March 31, 2010, the Companies adopted ASC 810 "Consolidation" (formerly SFAS 160). In accordance with ASC 810, the Companies included noncontrolling interests, which were previously referred to as "minority interests" and classified between total liabilities and stockholders' equity on the consolidated balance sheets, as a part of total equity. The prior years amounts are reclassified to conform to ASC 810.

Management's Discussion and Analysis of Financial Condition and Results of Operations

1. Introduction

We are an integrated trading company (*sogo shosha*) engaged in a wide range of business activities on a global basis. Our business foundation consists of trust, global relations with over 100,000 business partners around the world, a global network with offices and subsidiaries worldwide, intellectual capital and advanced functions in business development, logistic solutions, financial services, IT solutions, risk management and intelligence gathering and analysis. Through integration of these elements, we provide a diverse array of value to our customers. Based on this business foundation and these functions, we engage in general trading of a wide range of goods and commodities and in various business activities. We act as both principal and agent in these trading transactions. We also provide a range of services for a variety of industries, such as: financing for customers and suppliers; planning, coordination and operation of urban and industrial infrastructure projects; consulting in areas such as system integration and technology development; and transportation and logistics. In addition, we engage in other diverse business activities, including investing in a variety of industries ranging from photovoltaic power generation to communications; developing natural resources; manufacturing and processing products such as steel products and textiles; developing and managing real estate; and operating retail stores.

We conduct our business through seven industry-based business segments and two sets of regional operations (domestic and overseas). Our industry-based business segments are:

- Metal Products
- Transportation & Construction Systems
- Infrastructure
- Media, Network & Lifestyle Retail
- Mineral Resources, Energy, Chemical & Electronics
- General Products & Real Estate
- New Industry Development & Cross-function

Each business segment operates with a degree of autonomy in pursuing its strategic goals, managing operations and ensuring accountability. Each business unit also has its own planning and administration department, which has a function of risk assessment to enable prompt decision-making and facilitate efficient operation. In today's increasingly global business environment, our worldwide network of offices, subsidiaries and associated companies, and our global relationships with customers, suppliers and business partners have allowed us to conduct and expand our operations around the world. Our seven industry-based business units and domestic and overseas operations regularly collaborate with one another to leverage their combined strengths to conduct their respective businesses more effectively as well as to meet our corporate targets and goals. We have designed our infrastructure to centralize and consolidate information from all of our business units and domestic and overseas operations to facilitate proper integration and risk control.

2. Our Medium-Term Targets

The following discussion of our medium-term targets contains forward-looking statements and measures that have been calculated based on a number of judgments, estimates and assumptions. Unless otherwise stated, the forward-looking statements reflect management's current assumptions and expectations of future events as of March 31, 2012. Accordingly, they are inherently susceptible to uncertainties and changes in circumstances and are not guarantees of future performance.

In April 2011 we launched our new medium-term (two-year) management plan for the fiscal years ended March 31, 2012 and 2013, called ƒ(x)*, and commenced initiatives aimed at achieving the objectives of this plan. Under ƒ(x) we are carrying on with the basic policies and measures adopted with a view to the next 10 years under our previous medium-term plan, FOCUS'10—whence the f—, executing—whence the x— business model innovation so as to meet the demands of the times on the basis of our Corporate Mission Statement, which identifies value creation as our corporate vision, and aiming to achieve growth together with all our partners across regional, generational, and organizational boundaries.

In order to achieve business model innovation with promptness, we are undertaking concerted action to implement four key actions:

(a) Make visible and share long-term ideal images on the front lines.
We will clarify short-term issues and strategies by starting discussions on long-term visions and will enhance the level, speed, and quality of execution by sharing growth strategies.

(b) Accelerate strategic resource management.
We will accelerate the strategic allocation of corporate resources to businesses with better prospects for growth and profitability. We will continue to reinforce soundness, including compliance, and efficiency as set forth under FOCUS'10.

(c) Enhance our integrated corporate strength on a global basis.
We will strengthen the foundations of our regional organizations and

reinforce business strategies on a global basis. We will also create new businesses by leveraging the strengths of our networks and partnerships established inside and outside the company.

(d) Strengthen human resources management on a company-wide level.

We will strengthen our recruitment and development of global talent and will conduct strategic placement of human resources on a company-wide level by pursuing human resources strategy in line with business strategy.

In quantitative terms, we are aiming to secure consolidated net income** of ¥220.0 billion in the fiscal year ended March 31, 2012 and ¥260.0 billion in the fiscal year ending March 31, 2013 and to achieve a risk-adjusted return of 15% or more in the fiscal year ending March 31, 2013. With consolidated net income of ¥250.7 billion in the fiscal year ended March 31, 2012, ƒ(x) is progressing smoothly.

* The ƒ of ƒ(x) is from FOCUS'10, and the x is taken from the English word *execution*. In order to express the idea of "cross-boundary growth," meaning growth that reaches across regional, generational, and organizational boundaries, we have decided to read the letter x as "cross" rather than "ex."

** "Consolidated net income" presented above is equivalent to "profit attributable to owners of the parent" under the IFRS.

3. Economic Environment

During the period under review (fiscal 2011, i.e., April 1, 2011, through March 31, 2012), the global economy as a whole lost speed as a result of the increasing seriousness of the sovereign debt problem centering on Europe, accompanied by the emergence of effects from monetary tightening aimed at restraining inflation. On the international commodity markets, during the first half of the fiscal year, prices, particularly for precious metals like gold and silver, continued to trade in high ranges, but in the second half of the fiscal year, prices softened in the markets as slower growth in the global economy led to risk-aversion tendencies.

The Japanese economy, after temporarily dipping sharply after the Great East Japan Earthquake, picked up due to the recovery in production accompanying the restoration of supply chains. However, the employment picture continued to be bleak, and concerns about deflation persisted; under these conditions, in the second half of the fiscal year the ongoing appreciation of the yen and global economic slowdown contributed to a rise in uncertainty about prospects for the period to come.

4. Certain Line Items in Our Consolidated Statement of Comprehensive Income

The following is a description of certain line items in our Consolidated Statement of Comprehensive Income:

Revenues. We categorize our revenues into sales of tangible products and sales of services and others. We generate revenues from sales of tangible products:

- in connection with our wholesale, retail, manufacturing and processing operations;
- in connection with our real estate operations; and
- under long-term construction contracts.

We generate revenues from the sale of services and others in connection with:

- customized software development and other software related services;
- loans, finance leases and operating leases of commercial real estate, automobiles, vessels and aircraft; and
- other service arrangements, such as arranging finance and coordinating logistics in connection with trading activities.

The Companies enter into transactions that include multiple-element software and non-software related revenue arrangements, which may include any combination of products, equipment, software, installation services and/or financing. A multiple-element arrangement is separated into more than one unit of accounting if certain criteria are met.

Gross Profit. Gross profit primarily consists of:

- gross profit on transactions for which we act as a principal; and
- fees and commissions received on transactions for which we act as an agent.

To the extent revenues are recorded on a gross basis, any expenses or commissions or other payments to third parties that are directly attributable to the sales are recorded as cost of sales. Gross profit reflects the net amount of gross revenues after cost of sales. As part of sales of services and others, we recognize revenues from fees and commissions on a net basis. As a result, sales of services and others contribute a larger portion of our gross profit than they do of our revenues. For the fiscal year ended March 31, 2012, sales of services and others accounted for 21.6% of our total revenues, but the gross profit from sales of services and others accounted for 46.7% of our gross profit.

Impairment Losses on Long-Lived Assets. At the end of each reporting period, the carrying amounts of non-financial assets, excluding inventories and deferred tax assets, are assessed for whether there is any indication of impairment. If any such indication exists, the recoverable amount of the non-financial asset is estimated. Regarding goodwill and intangible assets with indefinite useful lives, and intangible assets not yet available for use, the recoverable amount is estimated at the same time every year. If the carrying amount of an asset or a cash-generating unit ("CGU") exceeds the recoverable amount of it, an impairment loss is recognized in profit or loss.

Gain (Loss) on Sale of Property, Plant and Equipment, Net. As a result of strategic and aggressive replacement of our asset portfolio, we may at times recognize gains and losses on sales of some of our real estate assets.

Dividends. Dividends reflect dividends declared by companies in which we hold interests other than our consolidated subsidiaries or equity-accounted investees.

Gain (Loss) on Securities and Other Investments. We maintain a significant level of investments in order to supplement our trading activities. Among those investments, financial assets measured at fair value through profit and loss ("FVTPL") are initially measured at fair value. Subsequently, they are measured at fair value, and gains and losses arising from changes in fair value are recognized in profit or loss. Financial assets measured at amortized cost are initially measured at fair value. Subsequently, the carrying amount of the financial assets measured at amortized cost is calculated using the effective interest method, less impairment losses when necessary.

We recognize gains and losses on sales of our financial assets measured at amortized cost and investments in our consolidated subsidiaries or equity-accounted investees when we elect to sell investment holdings.

Share of Profit of Investments Accounted for Using the Equity Method. In connection with our investment strategy and the development of business opportunities, we may, from time to time, acquire or make investments in newly established or existing companies, enter into joint ventures with other entities or form strategic business alliances with industry participants, in each case in a variety of business segments. In general, we account for the earnings or losses of any such investee under the equity method when the level of the investment is between 20% and 50% of the total voting equity of the investee.

Exchange Differences on Translating Foreign Operations. Assets and liabilities of foreign operations (including goodwill and fair value adjustments arising on the acquisition of foreign operations) are translated into Japanese yen using the spot exchange rate at the reporting date. Income and expenses are translated into Japanese yen at the average spot exchange rates for the period.

Exchange differences arising from translation of financial statements of foreign operations are recognized in other comprehensive income. These differences are presented as "Exchange differences on translating foreign operations" in Other components of equity after the date of transition to IFRSs.

Financial Assets Measured at Fair Value Through Other Comprehensive Income. Financial assets measured at fair value through other comprehensive income ("FVTOCI") are initially measured at their fair value (including directly attributable transaction costs). Subsequently, they are measured at fair value, and gains and losses arising from changes in fair value are recognized in other comprehensive income.

Cash-Flow Hedges. When derivatives are designated as hedging instruments to hedge the exposure to variability in cash flows that are attributable to a particular risk associated with recognized assets or liabilities or highly probable forecast transactions that could affect profit or loss, the effective portion of changes in the fair value of derivatives is recognized in other comprehensive income.

Actuarial Gains (Losses) on Defined Benefit Pension Plans. The Companies recognize all of the actuarial gains and losses arising from defined benefit plans in other comprehensive income.

Total Trading Transactions. Total trading transactions is a voluntary disclosure and represents the gross transaction volume of trading transactions, or the nominal aggregate value of the transactions for which we act as a principal or as an agent. Total trading transactions is not meant to represent sales or revenues in accordance with IFRSs. Total trading transactions should not be construed as equivalent to, or a substitute or proxy for, revenues, or as an indicator of our operating performance, liquidity or cash flows generated by operating, investing or financing activities. A substantial part of total trading transactions represents transactions in which we participate without physical acquisition of goods or without significant inventory risk. We have included the information concerning total trading transactions because it is used by similar Japanese trading companies as an industry benchmark, and we believe it is a useful supplement to results of operations data as a measure of our performance compared to other similar Japanese trading companies.

5. Critical Accounting Policies

The preparation of our consolidated financial statements in accordance with IFRSs requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. On an ongoing basis, we evaluate our estimates, which are based on historical experience and various other assumptions that are believed to be reasonable under the circumstances. The results of these evaluations form the basis for making judgments about the carrying values of assets and liabilities and the reported amounts of revenues and expenses that are not readily apparent from other sources. Actual results may differ from those estimates under different assumptions. For a summary of our significant accounting policies, including the critical accounting policies discussed below, see Note 3 to our consolidated financial statements.

The following are the critical accounting policies that are important to our financial condition and results of operations and require significant management judgments and estimates:

Revenue Recognition

Most of our revenues are the result of (i) the sale of tangible products in connection with our wholesale, retail, manufacturing, and processing operations from which revenue is recognized based on the transfer of title, delivery or shipment, or the attainment of customer acceptance, or (ii) from the provision of services and the other sales, from which revenue is recognized based on the delivery of services. Revenue recognition in these situations does not involve difficult, subjective or complex judgments or estimations.

Recognition of revenue using the percentage-of-completion method for certain long-term construction-type arrangements is based on the ratio that costs incurred bear to total estimated project costs and is dependent on our ability to estimate these costs reliably. The impact of revisions of profit estimates on fixed price contracts is recognized in the period in which the revisions are made; anticipated losses on fixed price contracts are charged to profit and loss when losses can be estimated; and provisions are made for contingencies in the period in which they become known and losses are estimable.

Revenue Presentation—Gross Versus Net

Acting as an intermediary in executing transactions with third parties is a distinctive role of an integrated trading company (sogo shosha). In recognizing revenue from transactions, we must determine whether we are acting as a "principal" in the transaction, and should report revenue on a gross basis based on the sales amount of the transaction, or acting as an "agent" in the transaction, and should recognize net fees or commissions earned. The evaluation of the relevant factors in making this determination is subject to significant subjective judgments. In certain situations, others might make a different determination. Similarly, if our risks and obligations in a certain type of transaction change, the determination of whether revenue should be recognized on a net or gross basis for that type of transaction may also change. Revenues related to a substantial portion of the trading transactions in all our business segments are recognized on a net basis. The amounts of gross profit and profit for the year attributable to owners of the parent are not affected by whether revenue is reported on a gross or net basis.

Factors that indicate that we are acting as a principal, and thus should recognize revenue on a gross basis include:

- the Companies have the primary responsibility for providing the goods or services to the customer or for fulfilling the orders;
- the Companies have inventory risk before or after the customer order, during shipping or on return;
- the Companies have latitude in establishing prices, either directly or indirectly; and
- the Companies bear the customer's credit risk for the amount receivable from the customer.

Factors that indicate that we are acting as an agent, and thus should recognize revenue on a net basis relative to the service offered include:

- the consideration of services rendered (commission or fee) is fixed; and
- the consideration is determined by multiplying the amount of goods and services provided to customers by a stated percentage.

Impairment of Financial Assets Measured at Amortized Cost

We engage in a variety of businesses and carry financial assets measured at amortized cost. To ascertain whether these financial assets are impaired, we regularly assess them for objective evidence of impairment, which includes default or delinquency of the borrower. The fair value of these assets for which impairment losses are recognized is determined based on estimated future cash flows discounted at the effective interest rate.

Financial Assets Measured at Fair Value

We carry financial assets measured at fair value such as marketable securities, and other investments. The Companies have decided to classify equity instruments into FVTOCI or FVTPL. Financial assets classified as FVTOCI are held in order to maintain and reinforce business relationships with investees to expand the Companies' revenue base and of which changes in fair values are not included in the assessment of business performance. Financial assets classified as FVTPL are held to make profits from the changes in fair values and are included in the assessment of business performance. Fair values of these assets are based on market prices or determined by discounted future cash flow method, profitability and net assets of investees, and other valuation approaches.

Recoverability of Non-Financial Assets

We maintain significant non-financial assets in the operation of our global business. We review non-financial assets, such as real estate, aircraft and intangibles subject to amortization, for impairment whenever events or changes in circumstances suggest that the carrying amount of such assets may not be recoverable. Determining whether impairment has occurred typically requires various estimates and assumptions, including determining whether cash flows are directly related to the potentially impaired asset, the useful life over which cash flows will occur, their amount, and the asset's residual value, if any. We also review goodwill and other intangible assets with indefinite useful lives for impairment at least annually, or more often if events or circumstances, such as adverse changes in the business climate, indicate that there may be impairment. In turn, we estimate the recoverable amount at the impairment tests. The recoverable amount of an asset or a cash-generating unit is the higher of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the time value of money and the risks specific to the asset. We derive cash flow estimates from our historical experience and our internal business plans, and apply an appropriate rate. Changes in strategy or in market conditions could significantly affect these determinations.

Tax Asset Valuation

We reduce deferred tax assets when, in management's judgment, it is more likely than not that the deferred tax assets, or a portion thereof, will not be realized. In assessing the realizability of deferred tax assets, we must determine whether we will be able to generate adequate future taxable income in the tax jurisdictions that give rise to the deferred tax assets during the periods in which the underlying temporary differences become deductible or before tax net operating loss carryforwards expire. We consider all available evidence, both positive and negative, in making this assessment. Determination of the deferred tax assets is based on estimates and judgment. A change in the ability of our operations to generate future taxable income in the tax jurisdictions that give rise to the deferred tax assets could change our assessment as to the realizability of these assets.

6. Results of Operations

Fiscal Year Ended March 31, 2012 Compared to Fiscal Year Ended March 31, 2011

Total Revenues. Total revenues increased by ¥160.8 billion, or 5.2%, from ¥3,100.2 billion in the fiscal year ended March 31, 2011 to ¥3,261.0 billion in the fiscal year ended March 31, 2012. The increase was mainly due to making CSK Corporation ("CSK") a subsidiary.

Gross Profit. Gross profit increased by ¥54.8 billion, or 6.3%, from ¥864.0 billion in the fiscal year ended March 31, 2011 to ¥918.8 billion in the fiscal year ended March 31, 2012. The increase was mainly due to strong performance in the San Cristobal silver-zinc-lead mining project in Bolivia and earnings increase in the IPP/IWPP businesses (Tanjung Jati B) in addition to making CSK a subsidiary.

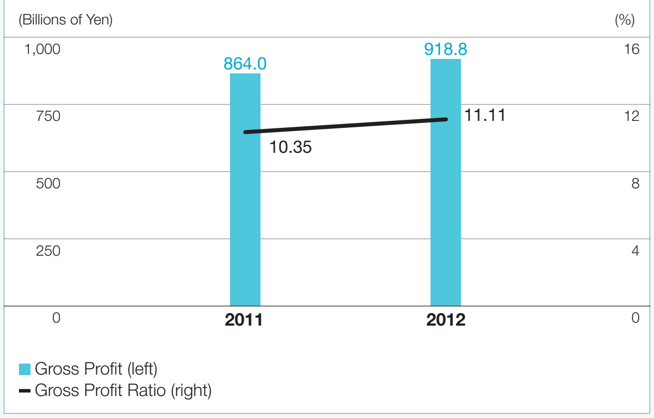
Selling, General and Administrative Expenses. Selling, general and administrative expenses increased by ¥25.7 billion, or 3.9%, from ¥660.7 billion in the fiscal year ended March 31, 2011 to ¥686.4 billion in the fiscal year ended March 31, 2012. The increase was mainly due to making CSK a subsidiary.

Share of profit of investments accounted for using the equity method. Share of profit of investments accounted for using the equity method increased by ¥15.0 billion, or 15.7%, from ¥95.6 billion in the fiscal year ended March 31, 2011 to ¥110.6 billion in the fiscal year ended March 31, 2012. The increase was mainly due to strong performance of the iron ore businesses.

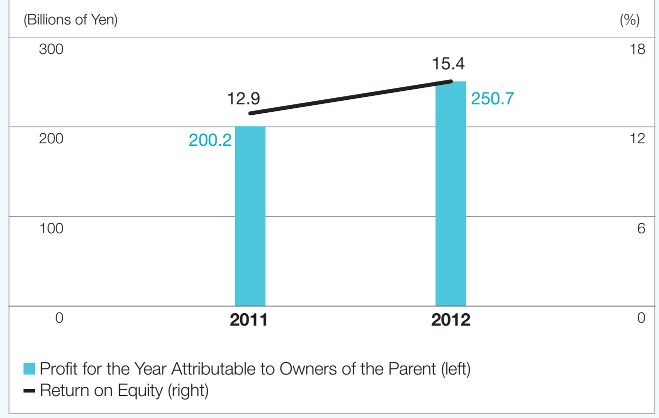
Profit for the year attributable to owners of the parent. As a result of the factors discussed above, Profit for the year attributable to owners of the parent increased by ¥50.5 billion, or 25.2%, from ¥200.2 billion in the fiscal year ended March 31, 2011 to ¥250.7 billion in the fiscal year ended March 31, 2012.

Comprehensive income for the year attributable to owners of the parent. Comprehensive income for the year attributable to owners of the parent increased by ¥113.6 billion, or 171.1%, from ¥66.4 billion in the fiscal year ended March 31, 2011 to ¥180.0 billion in the fiscal year ended March 31, 2012. This was mainly due to the improvement of financial assets measured at fair value through other comprehensive income in addition to the increase in profit for the year attributable to owners of the parent.

Gross Profit & Gross Profit Ratio (Gross Profit / Total Trading Transactions)



Profit for the year Attributable to Owners of the Parent & Return on Equity



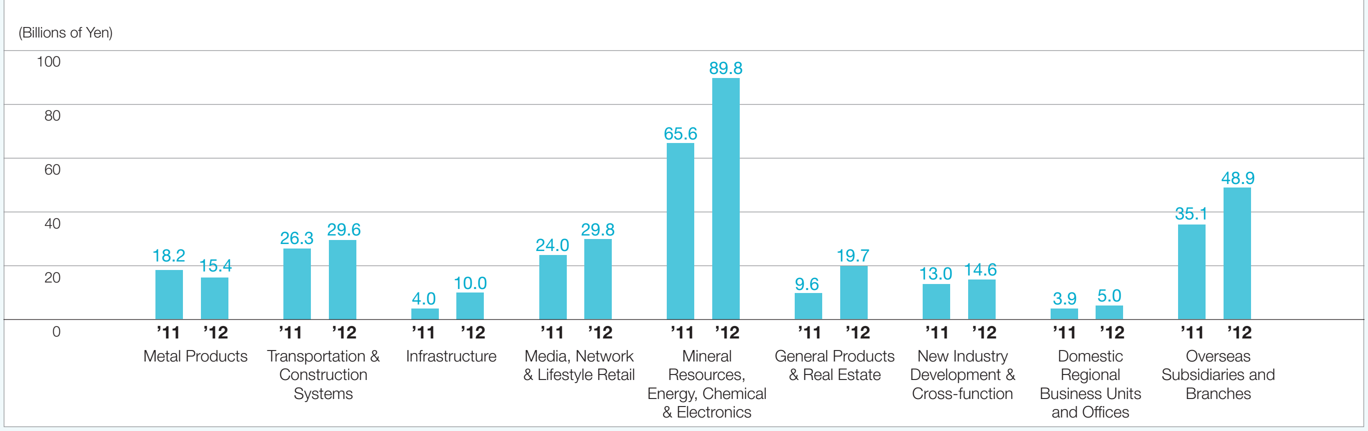
7. Operating Segment Analysis

We manage and assess our business using nine operating segments, including seven operating segments based on industries and two operating segments based on a geographical focus.

We conduct our business using seven business segments based on industries, including: Metal Products; Transportation & Construction Systems; Infrastructure; Media, Network & Lifestyle Retail; Mineral Resources, Energy, Chemical & Electronics; General Products & Real Estate; and New Industry Development & Cross-function.

In addition, we conduct our business in regional operations—domestic and overseas. Domestically, in addition to our subsidiaries and offices throughout Japan, we have three regional business units, which are distinct from the industry-based business units, that oversee activities in the Kansai, Chubu and Kyushu-Okinawa regions. Our overseas operations are conducted by our overseas subsidiaries, such as Sumitomo Corporation of America, and branch offices. These regional operations conduct trading activities in all industry sectors based on their specialized knowledge of the regions. In addition, they work together on certain projects with our industry-based business units in order to develop products and services that are more focused on a particular region. In such cases, revenues and expenses are shared by the units based on their respective roles. These regional operations constitute the “Domestic Regional Business Units and Offices” and “Overseas Subsidiaries and Branches” segments in our consolidated financial statements.

Profit for the Year Attributable to Owners of the Parent by Operating Segment



The following table sets forth our operating results by operating segment for the fiscal years ended March 31, 2012 and 2011.

Breakdown of Gross Profit by Operating Segment

	Billions of Yen				Millions of U.S. Dollars
For the years ended March 31, 2012 and 2011	**2012**	2011	Increase/ decrease	Increase/ decrease	**2012**
Metal Products	**¥ 66.8**	¥ 66.1	¥ 0.7	1.1%	**$ 815**
Transportation & Construction Systems	**147.1**	145.7	1.4	1.0	**1,794**
Infrastructure	**31.2**	23.3	7.9	33.9	**381**
Media, Network & Lifestyle Retail	**221.1**	183.2	37.9	20.7	**2,696**
Mineral Resources, Energy, Chemical & Electronics	**112.8**	111.3	1.5	1.3	**1,376**
General Products & Real Estate	**100.2**	99.1	1.1	1.1	**1,221**
New Industry Development & Cross-function	**27.8**	30.4	(2.6)	(8.6)	**340**
Domestic Regional Business Units and Offices	**37.7**	38.8	(1.1)	(2.8)	**459**
Overseas Subsidiaries and Branches	**179.0**	176.4	2.6	1.5	**2,182**
Segment Total	**923.7**	874.3	49.4	5.7	**11,264**
Corporate and Eliminations	**(4.9)**	(10.3)	5.4	52.4	**(59)**
Consolidated	**¥918.8**	¥864.0	¥54.8	6.3%	**$11,205**

Breakdown of Profit for the Year Attributable to Owners of the Parent by Operating Segment

	Billions of Yen				Millions of U.S. Dollars
For the years ended March 31, 2012 and 2011	**2012**	2011	Increase/ decrease	Increase/ decrease	**2012**
Metal Products	**¥ 15.4**	¥ 18.2	¥ (2.8)	(15.4)%	**$ 187**
Transportation & Construction Systems	**29.6**	26.3	3.3	12.5	**361**
Infrastructure	**10.0**	4.0	6.0	150.0	**122**
Media, Network & Lifestyle Retail	**29.8**	24.0	5.8	24.2	**364**
Mineral Resources, Energy, Chemical & Electronics	**89.8**	65.6	24.2	36.9	**1,095**
General Products & Real Estate	**19.7**	9.6	10.1	105.2	**240**
New Industry Development & Cross-function	**14.6**	13.0	1.6	12.3	**178**
Domestic Regional Business Units and Offices	**5.0**	3.9	1.1	28.2	**61**
Overseas Subsidiaries and Branches	**48.9**	35.1	13.8	39.3	**597**
Segment Total	**262.8**	199.7	63.1	31.6	**3,205**
Corporate and Eliminations	**(12.1)**	0.5	(12.6)	—	**(148)**
Consolidated	**¥250.7**	¥200.2	¥ 50.5	25.2%	**$3,057**

Fiscal Year Ended March 31, 2012 Compared to Fiscal Year Ended March 31, 2011

Metal Products

Gross profit increased by ¥0.7 billion, or 1.1%, from ¥66.1 billion in the fiscal year ended March 31, 2011 to ¥66.8 billion in the fiscal year ended March 31, 2012. Profit for the year attributable to owners of the parent decreased by ¥2.8 billion, or 15.4%, from ¥18.2 billion in the fiscal year ended March 31, 2011 to ¥15.4 billion in the fiscal year ended March 31, 2012. The decrease was mainly due to the earnings decrease in steel service center operations and recognition of temporary losses this year.

Transportation & Construction Systems

Gross profit increased by ¥1.4 billion, or 1.0%, from ¥145.7 billion in the fiscal year ended March 31, 2011 to ¥147.1 billion in the fiscal year ended March 31, 2012. Profit for the year attributable to owners of the parent increased by ¥3.3 billion, or 12.5%, from ¥26.3 billion in the fiscal year ended March 31, 2011 to ¥29.6 billion in the fiscal year ended March 31, 2012. The increase was mainly due to stable performance in the automobile and construction businesses.

Infrastructure

Gross profit increased by ¥7.9 billion, or 33.9%, from ¥23.3 billion in the fiscal year ended March 31, 2011 to ¥31.2 billion in the fiscal year ended March 31, 2012. The increase was mainly due to the earnings increase in the IPP/IWPP businesses (Tanjung Jati B). Profit for the year attributable to owners of the parent increased by ¥6.0 billion, or 150.0%, from ¥4.0 billion in the fiscal year ended March 31, 2011 to ¥10.0 billion in the fiscal year ended March 31, 2012.

Media, Network & Lifestyle Retail

Gross profit increased by ¥37.9 billion, or 20.7%, from ¥183.2 billion in the fiscal year ended March 31, 2011 to ¥221.1 billion in the fiscal year ended March 31, 2012. The increase was mainly due to the stable performance of Jupiter Shop Channel Co., Ltd. in addition to making CSK a subsidiary. Profit for the year attributable to owners of the parent increased by ¥5.8 billion, or 24.2%, from ¥24.0 billion in the fiscal year ended March 31, 2011 to ¥29.8 billion in the fiscal year ended March 31, 2012. The increase was mainly due to the stable performance of Jupiter Telecommunications Co., Ltd. in addition to the increase of gross profit as stated above.

Mineral Resources, Energy, Chemical & Electronics

Gross profit increased by ¥1.5 billion, or 1.3%, from ¥111.3 billion in the fiscal year ended March 31, 2011 to ¥112.8 billion in the fiscal year ended March 31, 2012. Profit for the year attributable to owners of the parent increased by ¥24.2 billion, or 36.9%, from ¥65.6 billion in the fiscal year ended March 31, 2011 to ¥89.8 billion in the fiscal year ended March 31, 2012. The increase was mainly due to reversal of deferred tax liability resulted from business reorganization in addition to strong performance in the San Cristobal silver-zinc-lead mining project in Bolivia and iron ore mining businesses.

General Products & Real Estate

Gross profit increased by ¥1.1 billion, or 1.1%, from ¥99.1 billion in the fiscal year ended March 31, 2011 to ¥100.2 billion in the fiscal year ended March 31, 2012. Profit for the year attributable to owners of the parent increased by ¥10.1 billion, or 105.2%, from ¥9.6 billion in the fiscal year ended March 31, 2011 to ¥19.7 billion in the fiscal year ended March 31, 2012. The increase was mainly due to recognition of temporary losses in the previous year in addition to strong performance in the condo sales business.

New Industry Development & Cross-function

Gross profit decreased by ¥2.6 billion, or 8.6%, from ¥30.4 billion in the fiscal year ended March 31, 2011 to ¥27.8 billion in the fiscal year ended March 31, 2012. The decrease was mainly due to the earnings decrease in solar business. Profit for the year attributable to owners of the parent increased by ¥1.6 billion, or 12.3%, from ¥13.0 billion in the fiscal year ended March 31, 2011 to ¥14.6 billion in the fiscal year ended March 31, 2012. The increase was mainly due to the stable performance of Sumitomo Mitsui Finance and Leasing Co., Ltd. and valuation gain due to IPO of a company we invested in.

Domestic Regional Business Units and Offices

Gross profit decreased by ¥1.1 billion, or 2.8%, from ¥38.8 billion in the fiscal year ended March 31, 2011 to ¥37.7 billion in the fiscal year ended March 31, 2012. Profit for the year attributable to owners of the parent increased by ¥1.1 billion, or 28.2%, from ¥3.9 billion in the fiscal year ended March 31, 2011 to ¥5.0 billion in the fiscal year ended March 31, 2012. The increase was mainly due to stable performance in the metal products businesses.

Overseas Subsidiaries and Branches

Gross profit increased by ¥2.6 billion, or 1.5%, from ¥176.4 billion in the fiscal year ended March 31, 2011 to ¥179.0 billion in the fiscal year ended March 31, 2012. The increase was mainly due to stable performance in the metal products businesses. Profit for the year attributable to owners of the parent increased by ¥13.8 billion, or 39.3%, from ¥35.1 billion in the fiscal year ended March 31, 2011 to ¥48.9 billion in the fiscal year ended March 31, 2012. The increase was mainly due to recognition of temporary gains this year in addition to the increase in gross profit as stated above.

8. Liquidity and Capital Resources

In general, we seek to fund our operations through cash flow from operations, bank debt and debt raised in the capital markets and issuance of commercial paper. Our basic policy for fund raising activities is to secure stable, medium- to long-term low-interest rate funds and liquidity for our operations.

As of March 31, 2012, we had ¥3,613.8 billion of bonds and borrowings. Our short-term debt, excluding current maturities of long-term debt was ¥262.0 billion, a decrease of ¥58.0 billion from the previous year. Our short-term debt consisted of ¥163.4 billion of loans, principally from banks, and ¥98.6 billion of commercial paper.

As of March 31, 2012, we had bonds and long-term debt of ¥3,351.8 billion, a decrease of ¥95.6 billion from the previous year, including current maturities of ¥370.2 billion. As of March 31, 2012, the balance of our borrowings from banks and insurance companies was ¥2,903.7 billion, a decrease of ¥98.6 billion from the previous year, and the balance of notes and bonds was ¥448.1 billion, an increase of ¥3.0 billion from the previous year.

Most of our loans from banks contain covenant provisions customary in Japan. We do not believe those provisions materially limit our operating or financial flexibility. However, some credit agreements require us to obtain prior approval for any dividend payments or other distributions to shareholders. Several of the loan agreements require maintenance of certain financial ratios and minimum levels of tangible net worth. Under some agreements, principally with government-owned financial institutions, we may be required to make early repayments of an outstanding amount if the lender concludes that we are able to repay the outstanding amount through improved earnings or from the proceeds of an equity or debt offering, and makes such a prepayment request. Certain agreements provide that the banks may require the borrower to obtain bank approval prior to the payment of dividends and other appropriations of earnings. We have not been asked to make any such prepayments and currently do not anticipate any prepayment requests. See "Risk Factors—Risks stemming from restriction on access to liquidity and capital."

In addition, we continuously determine various worst case scenarios, including the current financial market turmoil to maintain adequate levels of liquidity in any market condition. As of March 31, 2012, we had several committed lines of credit available for immediate borrowing, providing an aggregate of up to $1,200 million and ¥445 billion in short-term loans. These lines of credit consist of:

- $1,100 million multi-borrower and multi-currency line of credit provided by a syndicate of major European and U.S. banks, under which we can obtain loans for Sumitomo Corporation or any of our subsidiaries in the United Kingdom, the United States and Singapore;
- $100 million U.S. dollar-denominated line of credit provided to Sumitomo Corporation of America by a major U.S. bank;
- ¥330 billion line of credit provided by a syndicate of major Japanese banks; and
- ¥115 billion line of credit provided by a syndicate of Japanese regional banks.

To date, we have not drawn on any of these lines of credit. We believe these lines of credit do not contain any material covenants, ratings triggers or other restrictions that could potentially impair our ability to draw down funds. We also have several uncommitted lines of credit.

As of March 31, 2012, our long-term and short-term credit ratings are A2/P-1 from Moody's Investors Service, A/A-1 from Standard & Poor's and AA–/a-1+ from Rating and Investment Information, Inc. In order to facilitate our access to capital markets for funding, we have established several funding programs, including:

- ¥200 billion Japanese shelf registration for primary debt offerings; and
- ¥1.0 trillion commercial paper program in Japan;
- $1,500 million commercial paper program, established by our U.S. subsidiary, Sumitomo Corporation of America;
- U.S. $3,000 million Euro Medium Term Note program jointly established by Sumitomo Corporation Capital Europe, Sumitomo Corporation Capital Netherlands, Sumitomo Corporation of America and Sumitomo Corporation Capital Asia; and
- U.S. $1,500 million Euro-denominated commercial paper program established by Sumitomo Corporation Capital Europe.

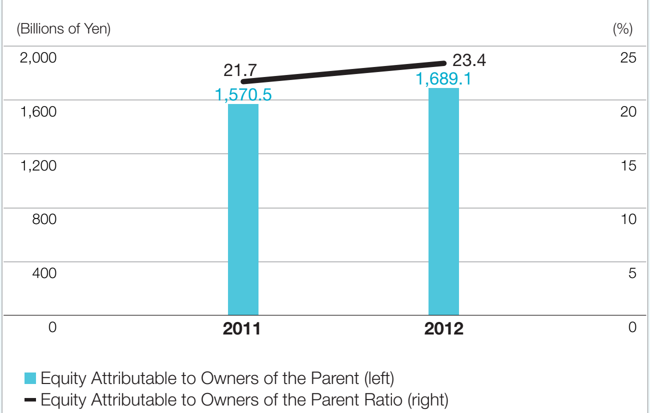
As of March 31, 2012, our total assets were ¥7,226.8 billion yen, decreased by ¥3.7 billion from March 31, 2011. There was decrease due to Sumitomo Mitsui Auto Services Company Limited becoming an associated company, while there was increase due to making CSK a subsidiary and cash and deposits increased.

As of March 31, 2012, our equity attributable to owners of the parent increased by ¥118.6 billion to ¥1,689.1 billion. Although exchange differences on translating foreign operations decreased due to yen appreciation, retained earnings increased. Our ratio of equity attributable to owners of the parent to total assets was 23.4%. Our interest-bearing liabilities (net) were ¥2,786.7 billion, a decrease of ¥269.6 billion. As a result, our net debt-to-equity ratio was 1.6 as of March 31, 2012.

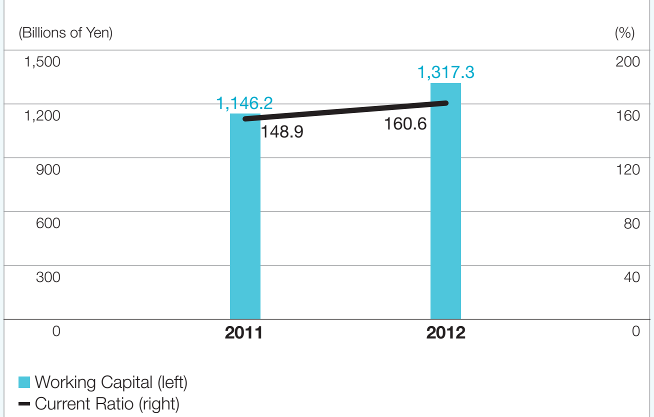
Liquidity and Capital Resources

As of March 31, 2012 and 2011	Billions of Yen 2012	Billions of Yen 2011	Millions of U.S. Dollars 2012
Short-term	**¥ 262.0**	¥ 320.0	**$ 3,196**
Loans, principally from banks	**163.4**	178.7	**1,993**
Commercial paper	**98.6**	141.3	**1,203**
Long-term, including current maturities of long-term debt	**3,351.8**	3,447.4	**40,875**
Secured long-term debt			
Loans	**395.3**	368.0	**4,821**
Bonds	**26.7**	38.6	**325**
Unsecured long-term debt			
Loans	**2,508.4**	2,634.3	**30,590**
Bonds and notes	**421.4**	406.5	**5,139**
Interest-bearing liabilities (gross)	**3,613.8**	3,767.4	**44,071**
Cash and cash equivalents & time deposits	**827.2**	711.1	**10,087**
Interest-bearing liabilities (net)	**2,786.6**	3,056.3	**33,984**
Total assets	**7,226.8**	7,230.5	**88,131**
Equity attributable to owners of the parent	**1,689.1**	1,570.5	**20,598**
Equity attributable to owners of the parent ratio (%)	**23.4**	21.7	**23.4**
Debt-Equity Ratio (gross) (times)	**2.1**	2.4	
Debt-Equity Ratio (net) (times)	**1.6**	1.9	

Equity Attributable to Owners of the Parent & Equity Attributable to Owners of the Parent Ratio



Working Capital & Current Ratio (Current Assets / Current Liabilities)



The following table sets forth our cash flow information for the fiscal years ended March 31, 2012, and 2011:

Summary Statements of Consolidated Cash Flows

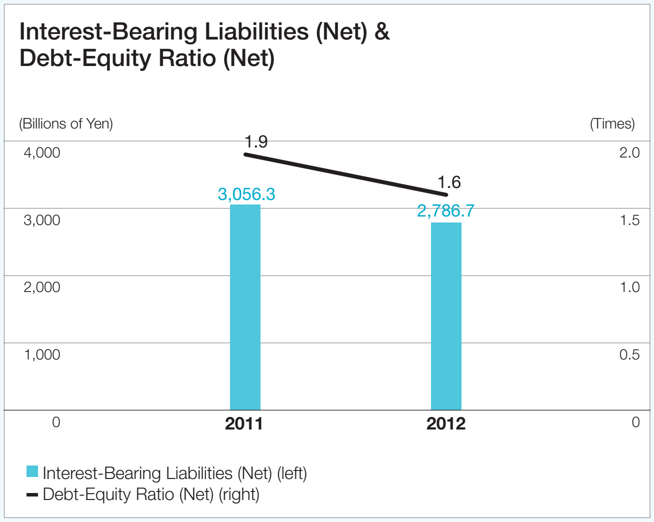
	Billions of Yen		Millions of U.S. Dollars
For the years ended March 31, 2012 and 2011	**2012**	2011	**2012**
Net cash from operating activities	**¥190.4**	¥ 219.5	**$ 2,322**
Net cash used in investing activities	**(35.7)**	(469.4)	**(435)**
Free cash flow	**154.7**	(249.9)	**1,887**
Net cash from (used in) financing activities	**(33.3)**	155.9	**(406)**
Net (decrease) increase in cash and cash equivalents	**121.4**	(94.0)	**1,481**
Cash and cash equivalents at the beginning of year	**704.3**	814.3	**8,589**
Effect of exchange rate changes on cash and cash equivalents	**(3.8)**	(16.0)	**(47)**
Cash and cash equivalents at the end of year	**¥821.9**	¥ 704.3	**$10,023**

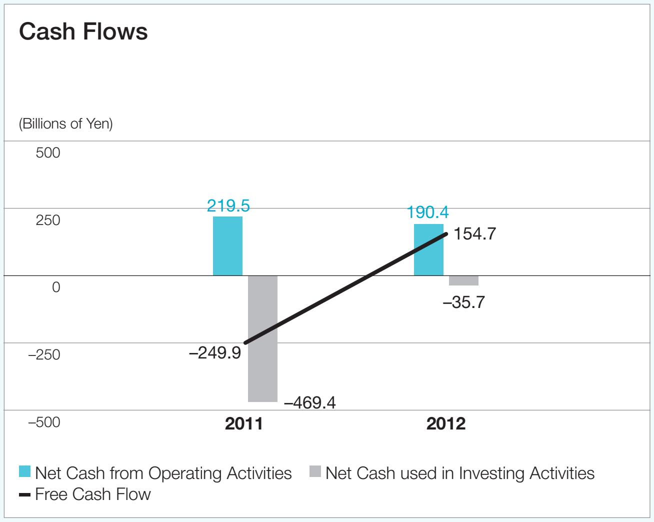
Net cash from operating activities was ¥190.4 billion for the fiscal year ended March 31, 2012 since our core business steadily generated cash.

Net cash used in investing activities was ¥35.7 billion for the fiscal year ended March 31, 2012. While we actively collected cash through asset sales, we made new investments including a copper mine development project in Chile.

As a result, free cash flow, calculated as net cash from operating activities plus net cash used in investing activities, was ¥154.7 billion cash in for the fiscal year ended March 31, 2012.

Net cash used in financing activities was ¥33.3 billion for the fiscal year ended March 31, 2012. As a result of the factors discussed above, cash and cash equivalents increased by ¥117.6 billion from the fiscal year ended March 31, 2011 to ¥821.9 billion.





As of March 31, 2012, our contractual cash obligations for the periods indicated were as follows:

Payments due by period

	(Billions of Yen)	
	Bonds and borrowings	Operating leases
Less than 1 year	¥ 632.3	¥ 44.4
1–2 years	393.2	40.5
2–3 years	437.9	38.8
3–4 years	466.4	30.4
4–5 years	470.5	26.4
More than 5 years	1,213.5	216.3
Total	¥3,613.8	¥396.8

As of March 31, 2012, we had financing commitments in the aggregate amount of ¥76.9 billion in connection with loans and investments in equity capital.

We enter into long-term purchase commitments in the normal course of our trading operations that provide for either fixed prices or basic purchase prices adjustable to market. Those commitments are in most instances matched with counterparty sales contracts. Long-term purchase contracts at fixed prices or at basic purchase prices adjustable to market amounted to ¥458.9 billion as of March 31, 2012. Scheduled deliveries are at various dates through 2025.

As of March 31, 2012, we have no material commitments for capital expenditures.

In addition to our commitments discussed above, in connection with our businesses, from time to time, we incur various contingent liabilities, such as guarantees of our customers' obligations. In addition, we are, from time to time, subject to contingent liabilities arising from litigation. These contingent liabilities are discussed in detail in "9. Contingencies" and "10. Litigation and Others" described below. Although we currently do not believe that our cash needs under such contingent liabilities will be significant, if, contrary to expectations, defaults under guarantees are substantial or there is a major adverse outcome in our litigation, such contingent liabilities may create significant new cash needs for us.

Our primary future recurring cash needs will be for working capital, capital investments in new and existing business ventures and debt service. Our growth strategy contemplates the making of investments, in the form of acquisitions, equity investments and loans. We invested ¥87.3 billion in property, plant and equipment and made ¥123.6 billion of other investments in the fiscal year ended March 31, 2012. We are currently contemplating acquisitions of companies complementary to our existing businesses and also to related business areas in all business segments.

These investments, however, are either at a preliminary evaluation stage or are subject to a number of conditions, and accordingly, may not be completed. And we believe that our existing cash, current credit arrangements and cash flows from operations will be sufficient to meet our cash needs during the foreseeable future, although we cannot assure you that this will be the case. If our future cash flows from operations are less than we expect, we may need to incur additional debt, pursue other sources of liquidity, or modify our investment plans.

9. Contingencies

In connection with our businesses, from time to time, we incur various contingent liabilities, such as guarantees of our customers' obligations. We conduct business with counterparties around the world, and we make an effort to control the related trade receivables and guarantees in order to minimize concentrations of credit risk. We do not anticipate losses on the commitments and guarantees discussed below in excess of established allowances.

As of March 31, 2012, we were contingently liable for guarantees (continuing through 2037) in the aggregate amount of ¥198.5 billion, including ¥105.7 billion relating to our associated companies and ¥1.5 billion to our employees. The guarantees were primarily to enhance the credit standings of our associated companies, suppliers, buyers and employees, and in respect of the residual value guarantees on operating leases.

We also provide residual value guarantees to compensate for any potential shortfall between a specified price and actual sale proceeds on fixed dates to 2015 in the aggregate amount of ¥7.4 billion, for some owners in relation to transportation equipment subject to operating leases. If the market value of the transportation equipment is less than the guaranteed value on the fixed date, we will be required to compensate for the shortfall. The current estimated future value of such transportation equipment is higher than the guaranteed value, and consequently there was no allowance for the liabilities under these guarantees as of March 31, 2012.

10. Litigation and Others

On December 30, 2011, Minera San Cristobal S.A. ("MSC"), which is a consolidated subsidiary of the Company, in Plurinational State of Bolivia received a correction notice, relating to its withholding tax returns, from Bolivian Tax Authority. During 2012 MSC is in legal proceedings to dispute the resolution. The Company does not disclose the detail because it is to prejudice seriously the position of the entity in a dispute with other party on the subject matter of the contingent liability.

Besides the above, the Companies are involved in certain legal actions and claims incidental to its business. In the opinion of management, none of these actions or claims will have a material adverse effect on the financial position or results of operations of the Companies.

11. New Standards and Interpretations Not Yet Applied

The new standards, interpretations, and amendments that have been issued as of the date of the approval for the consolidated financial statements, which the Companies have not yet applied as of March 31, 2012, are as follows. The Companies are currently evaluating potential impacts that application of these will have on the consolidated financial statements.

IFRSs	Title	Reporting periods on or after which the applications are required	Reporting periods of the application by the Companies (The reporting period ended)	Summaries of new IFRSs and amendments
IFRS 7	Financial Instruments: Disclosures	July 1, 2011	March 31, 2013	Disclosures of transfer transactions of financial assets
		January 1, 2013	March 31, 2014	Disclosures of offsetting financial assets and financial liabilities
IFRS 10	Consolidated Financial Statements	January 1, 2013	March 31, 2014	Identification of the concept of control and use of control as the single basis for consolidation, irrespective of the nature of the investee (Replacement for IAS 27 and SIC 12*)
IFRS 11	Joint Arrangements	January 1, 2013	March 31, 2014	Establishment of accounting for joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form (Replacement of IAS 31* and SIC 13*)
IFRS 12	Disclosure of Interests in Other Entities	January 1, 2013	March 31, 2014	Disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities. (Replacement of appropriate parts of IAS 27 and IAS 28*)
IFRS 13	Fair Value Measurements	January 1, 2013	March 31, 2014	Establishment of a single framework when other IFRSs requires the measurement of fair values
IAS 1	Presentation of Financial Statements	July 1, 2012	March 31, 2014	Presentation of items of other comprehensive income
		January 1, 2013	March 31, 2014	Clarification of the requirements for comparative information
IAS 12	Income Taxes	January 1, 2012	March 31, 2013	Exemption to the measurement principle relating to the deferred tax on investment properties measured at fair value
IAS 16	Property, Plant and Equipment	January 1, 2013	March 31, 2014	Classification of servicing equipment
IAS 19	Employee Benefits	January 1, 2013	March 31, 2014	Recognition of actuarial gains and losses and past service cost, and presentation and disclosure of post-employment benefits
IAS 32	Financial Instruments: Presentation	January 1, 2013	March 31, 2014	Accounting for income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction
		January 1, 2014	March 31, 2015	Presentation of offsetting financial assets and financial liabilities
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	January 1, 2013	March 31, 2014	Accounting for stripping costs in the production phase of a surface mine

* When IFRS 10, IFRS 11 and IFRS 12 are applied, IAS 31, SIC 12 and SIC 13 are superseded, while amended and retitled IAS 27 "Separate Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" are effective.

12. Quantitative and Qualitative Disclosure About Market Risk

In the normal course of business, we are exposed to risks arising from fluctuations in interest and currency exchange rates, commodity prices and equity prices. In order to manage these risks, we use financial and commodity derivative instruments including: foreign exchange forwards, currency swaps and options; interest rate swaps, futures and options; and commodity futures, forwards, swaps, and options. To a lesser degree, we also use derivative commodity instruments for trading purposes within prescribed position limits and loss limits imposed under the risk management structure described below.

Interest Rate Risk

Our business activities expose us to market risks arising from changes in interest rates, which we monitor and for which we take measures to minimize through our Financial Resources Management Group of the Corporate Group. In particular, interest rate fluctuations will impact our borrowing costs because a significant amount of our outstanding debt instruments are floating rate instruments and because we have short-term borrowings that we refinance from time to time. However, the impact on our borrowing costs will be partially offset by increased returns on certain of our assets, which will also be impacted by interest rate fluctuations. In addition, we are engaged in financing activities, such as automobile financing, which could be affected by interest rate fluctuations. To manage this risk, we enter into interest rate swap agreements, future contracts and option contracts that serve to modify and match the interest rate characteristics of our assets and liabilities.

Foreign Currency Exchange Rate Risk

The nature of our global operations expose us to market risks caused by fluctuations in foreign currency exchange rates related to imports, exports and financing in currencies other than the local currency. In order to mitigate foreign currency exchange rate risks, except for certain risks including the risk associated with foreign investments considered to be permanent, we use derivative instruments including foreign exchange forward contracts, currency swap agreements and currency option contracts with third parties in addition to borrowing and deposit transactions denominated in foreign currencies.

Commodity Price Risk

We trade in commodities such as physical precious and base metals, energy products (crude oil and refined oil products) and agricultural products (wheat, coffee, sugar and others), and engage in investments in metal mining, and oil and gas development. As a result of these activities, we are exposed to commodity price risks. We intend to reduce commodity price risks by hedge sales, matching the volume and timing of selling and purchasing commodities, or using derivatives. We use derivatives for trading purposes within well-defined position limits and loss limits.

Equity Price Risk

We are exposed to equity price risk inherent in stock we hold in financial institutions and our customers and suppliers for strategic purposes and in the other investments held by us. We do not engage in continuous hedging measures against the market exposures on those securities. As of March 31, 2012, we had fair value exposure on our marketable equity securities in the aggregate amount of ¥284.1 billion.

Risk Management Structure

Any business department wishing to enter into a derivative transaction or any other type of transaction exposing us to market risk must obtain approval from the President or General Manager, depending on the magnitude of the transaction, before entering into the transaction. The President or General Manager, as the case may be, reviews requests with the assistance of staff members who have expertise in derivative contracts. The request must identify the counterparty, the applicable market and credit risks and state the objectives of the transaction, the trading limit, and the loss limit amount.

The Financial Resources Management Group provides the following with respect to the execution and monitoring of transactions:

- back office support services for financial and derivative commodity transactions, such as opening accounts, confirming the execution of contracts, processing settlement and delivery of funds, and maintaining accounting records for the transactions;
- confirmation of balances of each transaction position; and
- monitoring of the status of positions and analyzing and calculating the risks of related transactions on a company-wide basis, and issuing periodic reports to our senior management, including semi-annual reports to our Board of Directors.

Our subsidiaries are required to comply with the risk management structure described above when they execute commodity market transactions.

VaR (Value-at-Risk)

VaR is a statistical measure of the potential maximum loss in the fair value of a portfolio that may result from adverse market movements in underlying risk factors, which is calculated over a defined period and within a certain confidence level. We use the VaR method to measure the market risk for certain market-sensitive commodity transactions, including transactions associated with precious metals, non-ferrous metals, fuels, and agricultural products, and certain financial transactions. See "Notes to the Consolidated Financial Statements—25. Financial Instruments and Related Disclosures—(2) Financial Risk Management Policy—4. Commodity price risk management."

Consolidated Statement of Financial Position

Sumitomo Corporation and Subsidiaries
As of March 31, 2012 and 2011

	Millions of Yen		Millions of U.S. Dollars
ASSETS	**2012**	2011	**2012**
Current assets:			
Cash and cash equivalents	**¥ 821,915**	¥ 704,313	**$10,023**
Time deposits	**5,245**	6,829	**64**
Marketable securities (Note 6)	**20,474**	5,239	**250**
Trade and other receivables (Note 7)	**1,514,360**	1,511,442	**18,468**
Other financial assets	**48,239**	68,641	**588**
Inventories (Note 10)	**707,105**	698,810	**8,623**
Advance payments to suppliers	**217,697**	333,200	**2,655**
Other current assets (Notes 15 and 33)	**155,271**	160,832	**1,894**
Total current assets	**3,490,306**	3,489,306	**42,565**
Non-current assets:			
Investments accounted for using the equity method (Note 11)	**1,246,666**	1,100,966	**15,203**
Other investments (Note 6)	**476,910**	446,319	**5,816**
Trade and other receivables (Note 7)	**645,732**	622,414	**7,875**
Other financial assets	**74,965**	53,507	**914**
Property, plant and equipment (Note 12)	**606,855**	813,435	**7,401**
Intangible assets (Note 13)	**331,618**	348,993	**4,044**
Investment property (Note 14)	**215,563**	237,668	**2,629**
Prepaid expenses	**36,131**	49,807	**440**
Deferred tax assets (Note 15)	**102,023**	68,087	**1,244**
Total non-current assets	**3,736,463**	3,741,196	**45,566**
Total assets (Note 4)	**¥7,226,769**	¥7,230,502	**$88,131**

LIABILITIES AND EQUITY	Millions of Yen 2012	Millions of Yen 2011	Millions of U.S. Dollars 2012
Current liabilities:			
Bonds and borrowings (Note 16)	**¥ 632,267**	¥ 850,435	**$ 7,711**
Trade and other payables (Note 17)	**1,102,326**	1,026,160	**13,443**
Other financial liabilities	**54,636**	92,136	**666**
Income tax payables	**27,773**	33,528	**339**
Accrued expenses	**91,726**	88,222	**1,119**
Advances from customers	**181,001**	199,437	**2,207**
Provisions (Note 18)	**8,376**	5,925	**102**
Other current liabilities (Note 33)	**74,865**	47,233	**913**
Total current liabilities	**2,172,970**	2,343,076	**26,500**
Non-current liabilities:			
Bonds and borrowings (Note 16)	**2,981,548**	2,916,963	**36,360**
Trade and other payables (Note 17)	**108,701**	118,073	**1,326**
Other financial liabilities	**36,785**	33,998	**448**
Accrued pension and retirement benefits (Note 19)	**25,635**	18,811	**313**
Provisions (Note 18)	**22,797**	17,374	**278**
Deferred tax liabilities (Note 15)	**77,145**	100,117	**941**
Total non-current liabilities	**3,252,611**	3,205,336	**39,666**
Total liabilities	**5,425,581**	5,548,412	**66,166**
Equity:			
Common stock (Note 20)	**219,279**	219,279	**2,674**
Additional paid-in capital (Note 21)	**282,407**	288,868	**3,444**
Treasury stock	**(1,034)**	(1,053)	**(13)**
Other components of equity (Note 22)	**(63,007)**	(4,819)	**(768)**
Retained earnings (Note 21)	**1,251,411**	1,068,193	**15,261**
Equity attributable to owners of the parent	**1,689,056**	1,570,468	**20,598**
Non-controlling interests	**112,132**	111,622	**1,367**
Total equity	**1,801,188**	1,682,090	**21,965**
Total liabilities and equity	**¥7,226,769**	¥7,230,502	**$88,131**

See the accompanying notes to the consolidated financial statements.

Consolidated Statement of Comprehensive Income

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

	Millions of Yen		Millions of U.S. Dollars
	2012	2011	**2012**
Revenues:			
Sales of tangible products	**¥ 2,557,022**	¥ 2,525,543	**$ 31,183**
Sales of services and others	**703,973**	574,642	**8,585**
Total revenues (Notes 4,14 and 28)	**3,260,995**	3,100,185	**39,768**
Cost:			
Cost of tangible products sold	**(2,066,901)**	(2,032,208)	**(25,206)**
Cost of services and others	**(275,269)**	(203,983)	**(3,357)**
Total cost (Notes 8,14,19 and 28)	**(2,342,170)**	(2,236,191)	**(28,563)**
Gross profit (Note 4)	**918,825**	863,994	**11,205**
Other income (expenses):			
Selling, general and administrative expenses (Note 27)	**(686,404)**	(660,690)	**(8,371)**
Impairment losses on long-lived assets (Notes 12,13 and 14)	**(13,342)**	(19,889)	**(163)**
Gain (loss) on sale of property, plant and equipment, net	**4,360**	2,248	**53**
Other, net	**(3,582)**	(2,178)	**(43)**
Total other income (expenses)	**(698,968)**	(680,509)	**(8,524)**
Operating profit	**219,857**	183,485	**2,681**
Finance income (costs)*1:			
Interest income	**13,900**	13,919	**170**
Interest expense	**(28,956)**	(32,009)	**(353)**
Dividends	**11,194**	10,011	**137**
Gain (loss) on securities and other investments, net*2	**14,764**	9,477	**180**
Finance income (costs), net (Note 28)	**10,902**	1,398	**134**
Share of profit of investments accounted for using the equity method (Note 11)	**110,628**	95,580	**1,349**
Profit before tax	**341,387**	280,463	**4,164**
Income tax expense (Note 29)	**(77,715)**	(70,671)	**(948)**
Profit for the year	**263,672**	209,792	**3,216**
Profit for the year attributable to:			
Owners of the parent (Note 4)	**¥ 250,669**	¥ 200,222	**$ 3,057**
Non-controlling interests	**13,003**	9,570	**159**
Other comprehensive income:			
Exchange differences on translating foreign operations	**(67,465)**	(87,677)	**(823)**
Financial assets measured at fair value through other comprehensive income	**(1,352)**	(39,465)	**(16)**
Cash-flow hedges	**2,005**	4,901	**24**
Actuarial gains (losses) on defined benefit pension plans	**(12,045)**	(13,926)	**(147)**
Share of other comprehensive income of investments accounted for using the equity method	**4,782**	(412)	**58**
Other comprehensive income, net of tax (Note 22)	**(74,075)**	(136,579)	**(904)**
Comprehensive income for the year	**189,597**	73,213	**2,312**
Comprehensive income for the year attributable to:			
Owners of the parent	**¥ 180,033**	¥ 66,388	**$ 2,196**
Non-controlling interests	**9,564**	6,825	**116**

	Yen		U.S. Dollars
Earnings per share (attributable to owners of the parent) (Note 30)**:**			
Basic	**¥ 200.52**	¥ 160.17	**$ 2.45**
Diluted	**200.39**	160.09	**2.44**

	Millions of Yen		Millions of U.S. Dollars
Total trading transactions*3	**¥8,273,043**	¥ 8,349,371	**$100,891**

*1 For comparison purposes, "Finance income" and "Finance costs," which were previously presented separately, are categorized and presented as "Finance income (costs)."
*2 For comparison purposes, "Gain (loss) on revaluation of securities and other investments, net" and "Gain (loss) on sale of securities and other investments, net," which were previously presented separately, are presented net as "Gain (loss) on securities and other investments, net."
*3 Total trading transactions represents the gross transaction volume of trading activities, or the nominal aggregate value of the transactions for which the Companies act as a principal or as an agent.
Total trading transactions is a measure commonly used by Japanese trading companies. It is not to be construed as equivalent to, or a substitute for, sales or revenues under International Financial Reporting Standards ("IFRSs").

See the accompanying notes to the consolidated financial statements.

Consolidated Statement of Changes in Equity

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

	Millions of Yen		Millions of U.S. Dollars
	2012	2011	**2012**
Equity (Note 20)**:**			
Common stock:			
Balance, beginning of year	**¥ 219,279**	¥ 219,279	**$ 2,674**
Balance, end of year	**219,279**	219,279	**2,674**
Additional paid-in capital (Note 21)**:**			
Balance, beginning of year	**288,868**	289,117	**3,523**
Acquisition (disposal) of non-controlling interests	**(5,426)**	(519)	**(66)**
Equity transaction recognized at equity-accounted investees	**(1,185)**	—	**(15)**
Grant of stock options and others (Note 24)	**150**	270	**2**
Balance, end of year	**282,407**	288,868	**3,444**
Treasury stock:			
Balance, beginning of year	**(1,053)**	(1,083)	**(13)**
Exercise of stock options and others (Note 24)	**19**	30	**0**
Balance, end of year	**(1,034)**	(1,053)	**(13)**
Other components of equity (Note 22)**:**			
Balance, beginning of year	**(4,819)**	109,929	**(59)**
Cumulative effect of applying a new accounting policy	**—**	8,254	**—**
Other comprehensive income for the year	**(70,636)**	(133,834)	**(861)**
Transfer to retained earnings	**12,448**	10,832	**152**
Balance, end of year	**(63,007)**	(4,819)	**(768)**
Retained earnings (Note 21)**:**			
Balance, beginning of year	**1,068,193**	916,013	**13,027**
Cumulative effect of applying a new accounting policy	**—**	1,542	**—**
Transfer from other components of equity	**(12,448)**	(10,832)	**(152)**
Profit for the year attributable to owners of the parent	**250,669**	200,222	**3,057**
Cash dividends (Note 23)	**(55,003)**	(38,752)	**(671)**
Balance, end of year	**1,251,411**	1,068,193	**15,261**
Equity attributable to owners of the parent	**¥1,689,056**	¥1,570,468	**$20,598**
Non-controlling interests:			
Balance, beginning of year	**111,622**	103,967	**1,361**
Cash dividends to non-controlling interests	**(6,287)**	(3,505)	**(76)**
Acquisition (disposal) of non-controlling interests and others	**(2,767)**	4,335	**(34)**
Profit for the year attributable to non-controlling interests	**13,003**	9,570	**159**
Other comprehensive income for the year (Note 22)	**(3,439)**	(2,745)	**(43)**
Balance, end of year	**112,132**	111,622	**1,367**
Total equity	**¥1,801,188**	¥1,682,090	**$21,965**
Comprehensive income for the year attributable to:			
Owners of the parent	**180,033**	66,388	**2,196**
Non-controlling interests	**9,564**	6,825	**116**
Total comprehensive income for the year	**¥ 189,597**	¥ 73,213	**$ 2,312**

See the accompanying notes to the consolidated financial statements.

Consolidated Statement of Cash Flows

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

	Millions of Yen		Millions of U.S. Dollars
	2012	2011	**2012**
Operating activities (Note 31):			
Profit for the year	**¥ 263,672**	¥ 209,792	**$ 3,216**
Adjustments to reconcile profit for the year to net cash from operating activities:			
Depreciation and amortization	**155,126**	160,553	**1,892**
Impairment losses on long-lived assets	**13,342**	19,889	**163**
Finance (income) costs, net	**(10,902)**	(1,398)	**(134)**
Share of profit of investments accounted for using the equity method	**(110,628)**	(95,580)	**(1,349)**
(Gain) loss on sale of property, plant and equipment, net	**(4,360)**	(2,248)	**(53)**
Income tax expense	**77,715**	70,671	**948**
Increase in inventories	**(32,637)**	(72,141)	**(398)**
Increase in trade and other receivables	**(81,534)**	(46,618)	**(994)**
Increase in prepaid expenses	**(3,523)**	(10,747)	**(43)**
Decrease in trade and other payables	**(5,814)**	(2,670)	**(71)**
Other, net	**(13,790)**	23,736	**(168)**
Interest received	**13,581**	13,668	**165**
Dividends received	**47,342**	70,349	**577**
Interest paid	**(30,776)**	(31,448)	**(375)**
Income tax paid	**(86,397)**	(86,306)	**(1,054)**
Net cash from operating activities	**190,417**	219,502	**2,322**
Investing activities (Note 31):			
Proceeds from sale of property, plant and equipment	**19,156**	6,386	**233**
Proceeds from sale of investment property	**24,245**	2,975	**296**
Proceeds from sale of subsidiaries, net of cash and cash equivalents disposed of	**53,450**	3,772	**652**
Proceeds from sale of other investments	**67,460**	49,048	**823**
Collection of loan receivables	**342,890**	331,576	**4,182**
Purchase of property, plant and equipment	**(87,340)**	(74,413)	**(1,065)**
Purchase of investment property	**(6,014)**	(8,556)	**(73)**
Acquisition of subsidiaries, net of cash and cash equivalents acquired	**28,397**	(14,762)	**346**
Acquisition of other investments	**(123,629)**	(315,854)	**(1,508)**
Increase in loan receivables	**(354,311)**	(449,550)	**(4,321)**
Net cash used in investing activities	**(35,696)**	(469,378)	**(435)**
Financing activities (Note 31):			
Net increase (decrease) in short-term debt	**72,110**	(110,961)	**880**
Proceeds from issuance of long-term debt	**585,292**	849,512	**7,137**
Repayment of long-term debt	**(633,060)**	(539,716)	**(7,720)**
Cash dividends paid	**(55,003)**	(38,752)	**(671)**
Capital contribution from non-controlling interests	**848**	250	**10**
Proceeds from sale of subsidiary's interests to non-controlling interests	**4,281**	—	**52**
Payment for acquisition of subsidiary's interests from non-controlling interests	**(1,473)**	(979)	**(18)**
Payment of dividends to non-controlling interests	**(6,287)**	(3,505)	**(76)**
Sales of treasury stock, net	**19**	30	**0**
Net cash (used in) from financing activities	**(33,273)**	155,879	**(406)**
Net increase (decrease) in cash and cash equivalents	**121,448**	(93,997)	**1,481**
Cash and cash equivalents at the beginning of year	**704,313**	814,288	**8,589**
Effect of exchange rate changes on cash and cash equivalents	**(3,846)**	(15,978)	**(47)**
Cash and cash equivalents at the end of year	**¥ 821,915**	¥ 704,313	**$10,023**

See the accompanying notes to the consolidated financial statements.

Notes to the Consolidated Financial Statements

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

1. Reporting Entity

Sumitomo Corporation (the "Company") is a company incorporated in Japan. The consolidated financial statements of the Company as at and for the year ended March 31, 2012 comprise the financial statements of the Company and its subsidiaries (together, the "Companies"), and the interests in associates and jointly controlled entities. The Company is an integrated trading company (*sogo shosha*). The Companies are engaged in a wide range of business activities on global basis. The Companies' business foundation consists of trust, global relations with over 100,000 business partners around the world, a global network with offices and subsidiaries worldwide, intellectual capital, and advanced functions in business development, logistic solutions, financial services, IT solutions, risk management and intelligence gathering and analysis. Through integration of these elements, the Companies provide a diverse array of value to our customers. Based on this business foundation and these functions, the Companies engage in general trading of a wide range of goods and commodities and in various business activities.

The Companies act as both principal and agent in these trading transactions. The Companies also provide a range of services for a variety of industries, such as: financing for customers and suppliers; planning, coordination and operation of urban and industrial infrastructure projects; consulting in areas such as system integration and technology development; and transportation and logistics.

In addition, the Companies engage in other diverse business activities, including investing in a variety of industries ranging from biotechnology to communications; developing natural resources; manufacturing and processing products such as steel products and textiles; developing and managing real estate; and operating retail stores.

2. Basis of Preparation

(1) Statement of Compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs").

(2) Basis of Measurement

The consolidated financial statements have been prepared under the historical cost basis except for the following significant items:

- derivatives are measured at fair value;
- financial instruments at fair value through profit or loss are measured at fair value;
- financial instruments at fair value through other comprehensive income are measured at fair value;
- defined benefit liabilities (assets) are the present value of the defined benefit obligation less the fair value of plan assets, with adjustments for unrecognized past service cost; and
- inventories acquired with the purpose of generating profits from short-term fluctuations in price are measured at fair value less costs to sell.

(3) Functional Currency and Presentation Currency

The consolidated financial statements are presented in Japanese yen, which is also the Company's functional currency. All financial information presented in Japanese yen has been rounded to the nearest million. The translation of Japanese yen amounts into United States dollars for the year ended March 31, 2012 is included solely for the convenience of readers and has been made at the rate of ¥82=U.S. $1, the approximate exchange rate prevailing at the Federal Reserve Bank of New York on March 31, 2012. Such translation should not be construed as a representation that the Japanese yen amounts have been, or could in the future be converted into United States dollars at that or any rate.

(4) Use of Estimates and Judgments

The preparation of consolidated financial statements in accordance with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results could differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods in which the revision affects.

Judgments and estimates made by management in the application of accounting policies that have a significant effect on the amounts recognized in the consolidated financial statements are as follows:

- Notes 7 and 9—Revenue Recognition
- Note 8—Accounting for Arrangement containing a Lease
- Notes 25 and 28—Financial Instruments

The following notes include information in respect of uncertainties of judgments and estimates which have a significant risk to cause material adjustment in the next fiscal year:

- Notes 12,13 and 14—Impairment of Non-financial Assets
- Note 15—Use of Tax Losses
- Note 19—Measurement of Defined Benefit Obligations
- Notes 18 and 34—Provisions and Contingencies

(5) Changes in Accounting Policies

The Companies have applied the Standards and Interpretations required to be adopted from the fiscal year ended March 31, 2012. These applications had no material effect on the consolidated financial statements.

3. Significant Accounting Policies

Significant accounting policies applied in the preparation of the accompanying consolidated financial statements are summarized below:

(1) Basis of Consolidation

1. Business combinations

The Companies have applied International Financial Reporting Standard No. 3 *Business Combinations (as revised in 2008)* ("IFRS 3") and International Accounting Standard No. 27 *Consolidated and Separate Financial Statements (as revised in 2008)* to all business combinations.

The Companies have applied the acquisition method to business combinations disclosed in Note 5.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing the existence of control, potential voting rights that are currently exercisable are considered. The acquisition date is the date when the control is transferred to the acquirer. Judgments may be required in deciding the acquisition date and as to whether the control is transferred from one party to another.

Goodwill is measured at the fair value of the considerations transferred, including the recognized amount of any non-controlling interests in the acquiree at the date of acquisition, less the net recognized amount of the identifiable assets acquired and the liabilities assumed at the acquisition date (ordinarily measured at fair value).

The considerations transferred include the fair value of the assets transferred from the Companies to the former owners of the acquiree, assumed liabilities, and equity interest issued by the Companies. The considerations transferred also include the fair value of contingent consideration.

The contingent liabilities of the acquiree are recognized in the business combinations if, and only if, they are present obligations that arose from past events and their fair value can be measured with sufficient reliability.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

Acquisition-related costs incurred by the Companies in connection with business combinations such as finder's fees and legal, due diligence and other professional or consulting fees are recognized as expenses when incurred.

Additional acquisitions of non-controlling interests are accounted for as equity transactions, and no goodwill is recognized.

The identifiable assets acquired, the liabilities and contingent liabilities assumed in accordance with the recognition principles of IFRS 3 are measured at their fair values at the acquisition date, except:

- Deferred tax assets or liabilities and liabilities (or assets) related to employee benefit arrangements are recognized and measured in accordance with International Accounting Standard No. 12 *Income Taxes* and International Accounting Standard No. 19 *Employee Benefits* ("IAS 19"), respectively; and
- Non-current assets and operations classified as held for sale are measured in accordance with International Financial Reporting Standard No. 5 *Non-current Assets Held for Sale and Discontinued Operations*.

If the initial accounting for business combinations is incomplete by the end of the reporting period in which the business combinations occur, the Companies report provisional amounts for the items for which the acquisition accounting is incomplete. Those provisional amounts are retrospectively adjusted during the measurement period to reflect new information obtained about facts and circumstances that existed at the acquisition date and, if known, would have affected the amounts recognized at that date. Additional assets or liabilities are recognized if new information, if known, would have resulted in the additional recognition of assets or liabilities. The measurement period does not exceed one year.

2. Subsidiaries

Subsidiaries are entities which are controlled by the Companies. The financial statements of subsidiaries are included in the consolidated financial statements from the date when control is obtained until the date when it is lost. The accounting policies of subsidiaries have been adjusted in order to ensure consistency with the accounting policies adopted by the Company, when necessary.

The consolidated financial statements include the financial statements of certain subsidiaries, of which the end of the reporting period is different from that of the Company because it is impracticable to unify the end of the reporting period of the subsidiaries with that of the Company. The difference between the end of the reporting period of subsidiaries and that of the Company does not exceed three months.

One of the major subsidiaries for which the fiscal year end is different is Minera San Cristobal S.A. ("MSC"), which operates a silver, zinc, and lead mining project in Bolivia. Local laws and regulations do not allow MSC to change its fiscal year end. Furthermore, it is impracticable to prepare additional financial statements at the end of the Company's reporting period because the mining site that manages cost accounting and inventory control is located far from MSC's head office and appropriate cost accounting based on the information from the mining site cannot be completed in a timely manner. The end of the reporting period of MSC included in the consolidated financial statements is the end of December.

For some other subsidiaries, due to the requirement of local laws and regulations, it is impracticable to unify the closing dates with that of the Company. It is also impracticable to prepare additional financial statements as of the same date as the financial statements of the Company due to the characteristics of the local business and the IT environment for the accounting system. The end of the reporting period of these subsidiaries is mainly the end of December or February.

When the financial statements of subsidiaries used in the preparation of the consolidated financial statements are prepared as of the dates different from the end of the reporting period of the Company, adjustments are made for the effects of significant transactions or events that occur between the end of the reporting period of the subsidiaries and that of the Company.

On the disposal of interests in subsidiaries, if the Companies retain control over the subsidiaries, they are accounted for as equity transactions. Any difference between the adjustment to the non-controlling interests and the fair value of the consideration received is recognized directly in equity as "Equity attributable to owners of the parent."

3. Special purpose entity ("SPE")

The Company holds special purpose entities for investment purposes. A SPE is consolidated if the Companies conclude that the substance of the relationship between the Companies and the SPE and the assessment of the risks and benefits indicate that the SPE is controlled by the Companies. A SPE controlled by the Companies is established under the terms that impose strict limitations on the decision-making powers of the SPE's management and as a result, the Companies receive the majority of the benefits related to the SPE's operations and net assets, assume the majority of risks related to the SPE's activities, and retain the majority of the residual or ownership risks related to the SPE or its assets.

4. Business combinations of entities under common control

Business combinations of entities under common control are business combinations in which all the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. The Companies have consistently accounted for all such transactions based on carrying amounts.

5. Associates and jointly controlled entities

Associates are entities over which the Companies have significant influence but do not have control to govern the financial and operating policies. Significant influence is presumed to exist when the Companies hold between 20 % and 50 % of the voting power of another entity.

A joint venture is a contractual arrangement whereby the Companies and other parties undertake an economic activity that is subject to joint control and its strategic financial and operating policy decisions require the unanimous consent of the venturers.

A jointly controlled entity is an entity established under the joint venture arrangement in which each venturer has an interest.

Investments in associates and jointly controlled entities ("equity-accounted investees") are accounted for using the equity method, and recognized at cost on acquisition. The investments include goodwill identified on acquisition (net of accumulated impairment losses).

The Companies' share of the income and expenses of the equity-accounted investees and changes in the Companies' share in equity are included in the consolidated financial statements from the date when significant influence or joint control is obtained until the date when it is lost. The accounting policies of equity-accounted investees have been adjusted when necessary to ensure consistency with those applied by the Company.

The consolidated financial statements include some equity-accounted investees, of which the end of the reporting period is different from that of the Company because it is impracticable to unify the end of the reporting date of those equity-accounted investees with that of the Company in connection with other share holders and for other reasons. The end of the reporting period of those equity-accounted investees is mainly the end of December. Adjustments are made for the effects of significant transactions or events that occur due to differences in the end of the reporting period.

6. Transactions eliminated in consolidation

All inter-company transactions, balances, and any unrealized gains and losses arising from inter-company transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains on transactions with equity-accounted investees are eliminated to the extent of the Companies' interest in the investees. Unrealized losses are eliminated in the same way as unrealized gains unless there is an evidence of impairment.

(2) Foreign Currencies

1. Foreign currency transactions

Foreign currency transactions are translated into functional currencies of individual companies using the spot exchange rate at the date of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are retranslated into functional currencies using the spot exchange rate at the reporting date. Exchange differences on monetary items are the differences between the amortized costs denominated in functional currencies at the beginning of the reporting period adjusted by effective interest and interest payments during the year, and the amortized costs denominated in foreign currencies translated using the spot exchange rate at the reporting date. Non-monetary assets and liabilities measured at fair value that are denominated in foreign currencies are retranslated using the spot exchange rates at the date when the fair value was determined.

Exchange differences arising from retranslation are recognized in profit or loss. However, exchange differences arising from FVTOCI financial assets, hedges of a net investment in foreign operations (see 3. below) and cash-flow hedges are recognized in other comprehensive income. Non-monetary items measured at historical cost in foreign currencies are translated using the spot exchange rate at the date of the transaction.

2. Foreign operations

Assets and liabilities of foreign operations (including goodwill and fair value adjustments arising on the acquisition of foreign operations) are translated into Japanese yen using the spot exchange rate at the reporting date. Income and expenses are translated into Japanese yen at the average exchange rate for the period.

Exchange differences arising from translation of financial statements of foreign operations are recognized in other comprehensive income.

These differences are presented as "Exchange differences on translating foreign operations" in Other components of equity after the date of transition to IFRSs. On disposal of the entire interest in foreign operations, and on the partial disposal of the interest involving loss of control, significant influence or joint control, the cumulative amount of the exchange differences is reclassified to profit or loss as a part of gains or losses on disposal.

3. Hedges of a net investment in foreign operations

The Companies apply hedge accounting to a part of the exchange differences arising between the functional currencies of foreign operations and the Company's functional currency (Japanese Yen), regardless of whether investments in foreign operations are held directly by the Company or indirectly through its subsidiaries.

Exchange differences arising from the retranslation of financial instruments designated as hedging instruments for a net investment in foreign operations are recognized in other comprehensive income to the extent that the hedge is effective, and are presented as "Exchange differences on translating foreign operations" in Other components of equity. The ineffective portion of the gains or losses on the hedging instruments is recognized in profit or loss. On disposal of hedged portion of net investments, the cumulative amount of exchange differences is reclassified to profit or loss as a part of gains or losses on disposal.

(3) Financial Instruments

The Companies have early-applied International Financial Reporting Standard No. 9 *Financial Instruments (issued in November 2009, revised in October 2010)* ("IFRS 9") to the accounting for financial instruments.

1. Non-derivative financial assets

The Companies recognize trade and other receivables on the date they are originated.

All other financial assets are recognized on the contract date when the Companies become a party to the contractual provisions of the instrument.

The following is a summary of the classification and measurement model of the non-derivative financial assets;

Financial assets measured at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- The contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at amortized cost are initially measured at fair value (plus directly attributable transaction costs). Subsequently, the carrying amount of the financial assets measured at amortized cost is calculated using the effective interest method, less impairment loss when necessary.

Financial assets measured at FVTPL

Financial assets other than equity instruments that do not meet the above conditions in relation to amortized cost measurement are measured at FVTPL. Those financial assets include financial assets held for trading.

Equity investments are measured at fair value with gains or losses on re-measurement recognized in profit or loss unless the Companies make an irrevocable election to measure equity investments as at FVTOCI on initial recognition.

Financial assets measured at FVTPL are initially measured at fair value and transaction costs are recognized in profit or loss when they occur.

Financial assets measured at FVTOCI

On initial recognition, the Companies may make an irrevocable election to measure investments in equity instruments as at FVTOCI. The election is made only for the equity investment other than held for trading.

Financial assets measured at FVTOCI are initially measured at their fair value (including directly attributable transaction costs). Subsequently, they are measured at fair value, and gains and losses arising from changes in fair value are recognized in other comprehensive income and presented as “Financial assets measured at fair value through other comprehensive income” in Other components of equity. The amount of Other components of equity is transferred directly to retained earnings, not to profit or loss, when the equity investment is derecognized or the decline in its fair value compared to its acquisition cost is significant and other-than-temporary.

However, dividends on financial assets measured at FVTOCI are recognized in profit or loss as finance income.

Derecognition of financial assets

The Companies derecognize a financial asset when the contractual rights to the cash flows from the asset expire, or when the Companies transfer the contractual right to receive cash flows from financial assets in transactions in which substantially all the risks and rewards of ownership of the asset are transferred to another entity. Any interests in transferred financial assets that qualify for derecognition that is created or retained by the Companies is recognized as a separate asset or liability.

2. Cash and cash equivalents

Cash and cash equivalents are cash and highly liquid investments that are readily convertible to known amounts of cash, including short-term time deposits with original maturities of three months or less.

3. Non-derivative financial liabilities

Debt securities issued are initially recognized on the issue date. All other financial liabilities are recognized when the Companies become a party to the contractual provisions of the instruments.

The Companies derecognize financial liabilities when they are extinguished, i.e. when the obligation specified in the contract is discharged, cancelled or expired.

The Companies classify borrowings, corporate bonds, trade payables and other payables as non-derivative financial liabilities, and initially measure them at fair value (minus directly attributable transaction costs).

Non-derivative financial liabilities held for trading are measured at fair value after initial recognition and the change in fair value is recognized in profit or loss. Non-derivative financial liabilities held for other than trading are measured at amortized cost using the effective interest method after initial recognition.

4. Equity

Common stock

Proceeds from issuance of equity instruments by the Company are included in “Common stock” and “Additional paid-in capital.” The direct issue costs (net of tax) are deducted from “Additional paid-in capital.”

Treasury stock

When the Companies reacquire treasury stocks, the consideration paid, net of direct transaction costs and tax, is recognized as a deduction from equity. When the Companies sell treasury stocks, the consideration received is recognized as an increase in equity.

5. Derivatives including hedge accounting

The Companies utilize derivatives to manage interest rate risk, foreign currency risk and the risk of the price fluctuation of commodity inventories and trading commitments. The primary derivatives used by the Companies include foreign exchange forward contracts, currency swaps, interest rate swaps and commodity future contracts.

At the initial designation of the hedging relationship, the Companies document the relationship between the hedging instrument and the hedged item, along with their risk management objective and strategy for undertaking the hedge, the hedging instrument, the hedged item, the nature of the risk being hedged, and how the hedging instrument's effectiveness in offsetting the hedged risk will be assessed.

At the inception of the hedge and on an ongoing basis, the Companies assess whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk throughout the period for which the hedge is designated.

To qualify as a cash flow hedge of a forecast transaction, the transaction must be highly probable.

Derivatives are initially recognized at fair value with transaction costs recognized in profit or loss when they occur. Subsequently, derivatives are measured at fair value, and gains and losses arising from changes in fair value are accounted for as follows:

Fair value hedges

The changes in the fair value of the hedging instrument are recognized in profit or loss. The carrying amounts of the hedged items are measured at fair value and the gains or losses on the hedged items attributable to the hedged risks are recognized in profit or loss.

Cash flow hedges

When derivatives are designated as a hedging instrument to hedge the exposure to variability in cash flows that are attributable to a particular risk associated with recognized assets or liabilities or highly probable forecast transactions which could affect profit or loss, the effective portion of changes in the fair value of the derivatives is recognized in other comprehensive income and included in cash flow hedges in the Other components of equity. The balances of cash flow hedges are reclassified to profit or loss from other comprehensive income in the periods when the cash flows of the hedged items affect profit or loss, in the same line items of the consolidated statement of comprehensive income as those of the hedged items. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss.

Hedge accounting is discontinued prospectively when the hedge no longer qualifies for hedge accounting, or when the hedging instrument expires or is sold, terminated or exercised, or when the designation is revoked.

When hedge accounting is discontinued, the balances of cash flow hedges remain in equity until the forecast transaction affects profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in profit or loss.

6. Derivatives held for trading and others

The Companies hold derivatives for hedging purposes which do not qualify for hedge accounting. The Companies also hold derivatives for trading purposes as opposed to hedging purposes. Any changes in fair value of these derivatives are recognized immediately in profit or loss.

7. Presentation for financial instruments

Financial assets and liabilities are offset and the net amounts are presented in the consolidated statement of financial position when, and only when, the Companies currently have a legally enforceable right to set off the recognized amounts and intend either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

(4) Inventories

Inventories mainly consist of commodities, materials/work in progress, and real estate held for development and resale.

Inventories are measured at the lower of cost and net realizable value. Net realizable value represents the estimated selling price in the ordinary course of business less any estimated costs of completion and the estimated costs necessary to make the sale.

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

The cost of inventories other than acquired with the purpose of generating profits from short-term fluctuations in price is determined based on either specific identification basis when inventories are not ordinarily interchangeable, or mainly moving average basis when inventories are ordinarily interchangeable.

(5) Property, Plant and Equipment

1. Recognition and measurement

Property, plant and equipment are measured at cost less any accumulated depreciation and accumulated impairment losses.

The cost of items of property, plant and equipment comprises costs directly attributable to the acquisition, costs of dismantling and removing the items and restoring the site on which they are located, and capitalized borrowing costs.

When the useful life of each part of an item of property, plant and equipment varies, it is accounted for as a separate item of property, plant and equipment.

2. Depreciation

Depreciation is calculated based on the depreciable amount which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation of property, plant and equipment is mainly computed under the straight-line method based on the estimated useful life of each item. The straight-line method is used because it is considered to the most closely approximate the pattern in which the asset's future economic benefits are expected to be consumed by the Companies. Leased assets are depreciated over the shorter of the lease term and their useful lives if there is no reasonable certainty that the Companies will obtain ownership by the end of the lease term.

Depreciation of mining rights is computed under the units-of-production method over the estimated proven and probable reserve tons, and recognized as an expense. Land and land improvements are not depreciated.

The estimated useful lives for the years ended March 31, 2012 and 2011 are as follows:

- Buildings and leasehold improvements 3–50 years
- Machinery and equipment 2–20 years

The depreciation methods, useful lives and residual values are reviewed at the end of each reporting period, and changed when necessary.

(6) Intangible Assets

1. Goodwill

Initial recognition

Goodwill arising on the acquisition of a subsidiary is recognized as an intangible asset. Measurement of goodwill on initial recognition is described in (1) 1.

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. The carrying amount of investments in equity-accounted investees includes the carrying amount of goodwill. The impairment loss of those investments is not allocated to any asset (including goodwill) which constitutes part of the carrying amount of investments in equity-accounted investees.

2. Capitalized software costs

The Companies incur certain costs to purchase or develop software for sale or internal-use.

Expenditures arising from research activities to obtain new scientific or technical knowledge are recognized as expenses as incurred. Expenditures arising from development activities are capitalized as internally generated intangible assets, if, and only if, they are reliably measurable, products or processes are technically and commercially feasible, it is highly probable to generate future economic benefits, and the Companies have an intention and adequate resources to complete those assets and use or sell them. Capitalized software costs are measured at cost less any accumulated amortization and accumulated impairment losses.

3. Intangible assets acquired in business combinations

Intangible assets that are acquired in business combinations, such as sales licenses, trademarks and customer relationships, are recognized separately from goodwill, and are initially recognized at fair value at acquisition date.

Subsequently the intangible assets are measured at cost less any accumulated amortization and accumulated impairment losses.

4. Other intangible assets

Other intangible assets with finite useful lives are measured at cost less any accumulated amortization and accumulated impairment losses.

Certain trademarks are not amortized because they are determined to have indefinite useful lives and are expected to exist fundamentally as long as the business continues.

5. Amortization

Amortization is calculated based on the cost of an asset less its residual value. Amortization of intangible assets other than goodwill is computed under the straight-line method over their estimated useful lives from the date the assets are available for use. The straight-line method is used because it is considered to the most closely approximate the pattern in which the intangible assets' future economic benefits are expected to be consumed by the Companies. Estimated useful lives for the years ended March 31, 2012 and 2011 are mainly as follows:

- Software 3–5 years
- Sales licenses, trademarks and customer relationships 3–30 years
- Others 3–20 years

The amortization methods, useful lives and residual values are reviewed at the end of each reporting period, and changed when necessary.

(7) Investment Property

Investment property is a property held to earn rental income or for capital appreciation or for both. Property held for sale in the ordinary course of business, or use in the production or supply of goods or service or for other administrative purpose is not included in investment property. Investment property is measured at cost less any accumulated depreciation (see (5) 2.) and accumulated impairment losses (see (5) 2.).

(8) Leased Assets

Leases are classified as finance leases when lessor transfers substantially all the risks and rewards of ownership to the Companies. Leased assets are initially recognized at fair value or, if lower, at the present value of the minimum lease payments. Subsequent to initial recognition, the leased assets are accounted for in accordance with the accounting policies applicable to the assets.

All other leases are classified as operating leases, and are not reported in the Companies' Consolidated statement of financial position.

(9) Impairment

1. Non-derivative financial assets

Financial assets measured at amortized cost are assessed on a quarterly basis whether there is objective evidence that the asset may be impaired. Financial assets are considered to be impaired when there is objective evidence which indicates that loss events have occurred after the initial recognition of the assets, and when it is reasonably anticipated that the loss events have a negative impact on the estimated future cash flows of the assets.

Objective evidence of impairment for financial assets measured at amortized cost includes: a default or delinquency of the borrower, granting the borrower a concession that the Companies would not otherwise consider, indications for bankruptcy of the issuer or obligor and the disappearance of active markets.

The Companies assess whether evidence of impairment exists individually and collectively for financial assets measured at amortized cost. An individually significant financial asset is individually assessed for impairment. All individually significant financial assets found not to be specifically impaired are then collectively assessed for any impairment that has been incurred, but not yet reported. Financial assets that are not individually significant are collectively assessed for impairment in a group of financial assets with similar risk characteristics.

In assessing collective impairment, the Companies evaluate historical trends of the probability of default, timing of recoveries and the amount of loss incurred. In addition, an adjustment is made to reflect management judgment on whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

The impairment loss for financial assets measured at amortized cost is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate, and recognized in profit or loss. Interest on the impaired assets continues to be recognized through unwinding of the discount. If there are events which decrease the amount of impairment after the recognition of the impairment, the reversal of the impairment loss is recognized in profit or loss.

2. Non-financial assets

At the end of each reporting period, the carrying amounts of non-financial assets, excluding inventories and deferred tax assets, are assessed to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the non-financial asset is estimated. Regarding goodwill and intangible assets with indefinite useful lives, and intangible assets not yet available for use, the recoverable amount is estimated at the same time every year.

The recoverable amount of an asset or a cash-generating unit ("CGU") is the higher of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the time value of money and the risks specific to the asset. A CGU is the smallest group of assets which generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

A CGU of goodwill is determined based on the unit by which the goodwill is monitored for internal management purposes, and does not exceed an operating segment before aggregation.

Because the corporate assets do not generate independent cash inflows, if there is an indication that corporate assets may be impaired, the recoverable amount is determined for the CGU to which the corporate assets belong.

If the carrying amount of an asset or a CGU exceeds the recoverable amount, an impairment loss is recognized in profit or loss. The impairment loss recognized related to a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit.

An impairment loss recognized for goodwill is not reversed in subsequent periods. Assets other than goodwill are reviewed at the end of each reporting period to determine whether there is any indication that an impairment loss recognized in prior years may no longer exist or may have decreased. An impairment loss recognized in prior years for an asset is reversed to profit or loss if an event occurs that changes the estimates used to determine the asset's recoverable amount. A reversal of impairment loss does not exceed the carrying amount, net of depreciation and amortization, that would have been determined if no impairment loss had been recognized for the asset for prior years.

Goodwill that forms part of the carrying amount of investments in equity-accounted investees is not separately recognized, and it is not tested for impairment separately. The entire carrying amount of the investments is tested for impairment as a single asset, whenever there is any objective evidence that the investments are impaired.

(10) Employee Benefits

1. Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans (see 2.). The Companies' net defined benefit obligations are calculated separately for each plan by estimating the future amount of benefit that employees have earned in exchange for their service for the previous years. The benefits are discounted to determine the present value, and any past service cost not yet recognized and fair value of plan assets are deducted.

The discount rates are equivalent to the market yields of AA credit-rated corporate bonds at the end of each reporting period that have maturity terms approximating those of the Companies' obligations. These calculations are performed annually by qualified actuaries using the projected unit credit method.

When plan amendments are made, the change in defined benefit obligations related to past service by employees are recognized in profit or loss on a straight-line basis over the average period until the benefits become vested. When the benefits vest immediately, the expense is recognized in profit or loss immediately.

The Companies recognize all of the actuarial gains and losses arising from defined benefit plans in other comprehensive income and immediately reclassify them from Other components of equity to Retained earnings.

2. Defined contribution plans

The employees of certain subsidiaries are provided with defined contribution plans. Defined contribution plans are post-employment benefit plans in which the Companies pay fixed contributions into separate entities and will have no legal or constructive obligation to make further contributions. The Obligations for contributions to defined contribution plans is recognized as an expense during the period when the service is rendered. Certain subsidiaries participate in multi-employer plans in addition to lump-sum benefit plans or pension benefit plans, and recognize the contribution during a period as an expense in profit or loss and contribution payable as a liability.

3. Short-term employee benefits

Short-term employee benefits are measured on an undiscounted basis and are expensed during the period when the service is rendered.

Bonus accrual is recognized as a liability, when the Companies have present legal or constructive obligations to pay as a result of past employee service, and when reliable estimates of the obligation can be made.

4. Share-based payments

The Companies have stock option plans as incentive plans for directors, executive officers, and corporate officers under the Companies' grade system. The fair value of stock options at the grant date is recognized as an employee expense over the vesting period from the grant date as a corresponding increase in equity. The fair value of the stock options is measured using the Black-Scholes or other model, taking into account the terms of the options granted. The Companies regularly review the assumptions made and revise estimates of the number of options that are expected to vest, when necessary.

(11) Provisions

Provisions are recognized when the Companies have present legal or constructive obligations as a result of past events, it is probable that outflows of resources embodying economic benefits will be required to settle the obligations, and reliable estimates can be made of the amount of the obligations. Provisions are discounted to their present value using a pre-tax rate that reflects the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance costs.

Asset retirement obligations

The Companies account for asset retirement obligations mainly related to the dismantlement of crude oil and coal mining and drilling facilities in accordance with the Companies' published environmental policies and the requirements of laws and regulations applicable to the Companies.

(12) Revenue

Revenue is measured at the fair value of the consideration for goods sold and services provided in the ordinary course of business, less sales related taxes.

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

- the Companies have transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Companies retain neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Companies; and
- the costs incurred in respect of the transaction can be measured reliably.

The outcome of a transaction involving rendering services can be estimated reliably, and revenue is recognized by reference to the stage of completion of the transaction at the end of the reporting period, when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity;
- the stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognized only to the extent of the expenses recognized that are recoverable.

The policies on revenue recognition, multiple-element transactions, and gross versus net in presentation of revenue are as follows;

1. Revenue from sales of tangible products

The Companies generate revenue from sales of tangible products (a) in connection with the Companies' wholesale, retail, manufacturing and processing operations, (b) in connection with the Companies' real estate operations, and (c) under long-term construction contracts.

(a) Wholesale, retail, manufacturing and processing operations

The Companies recognize revenue from sales of tangible products in connection with the Companies' wholesale, retail, manufacturing and processing operations when there is persuasive evidence such as the execution of a transaction based on a sales contract, that is, when the Companies have transferred to the buyer the significant risks and rewards of ownership of the goods, and it is probable that the economic benefits associated with the transaction will flow to the Companies, and the costs incurred in respect of the transaction and the possibility of product returns can be estimated reasonably, and the Companies do not retain continuing managerial involvement over the goods sold, and the amount of revenue can be measured reliably. Depending upon the terms of the contract, this may occur at the time of delivery or shipment or upon the attainment of customer acceptance. The conditions of acceptance are governed by the terms of the contract or customer arrangement and those not meeting the predetermined specifications are not recognized as revenue until the attainment of customer acceptance. The Companies' policy is not to accept product returns unless the products are defective. The Companies have no material exposure to losses under warranty provisions. Such losses are recognized when probable and estimable. The amounts of rebate and discounts are deducted from revenue, and they are not material. The Companies recognize revenue upon delivery, shipment, or upon the attainment of customer acceptance for steel service center operations in which the Companies process and cut steel sheets to customer specifications (Metal Products business unit segment), dealership operations in which the Companies sell automobiles to general consumers and distribute construction equipment and machinery to construction companies (Transportation & Construction Systems business unit segment), retail business operations such as supermarkets and drugstores (Media, Network & Lifestyle Retail business unit segment), and plastic products (Mineral Resources, Energy, Chemical & Electronics business unit segment).

(b) Real estate operations

Revenue from the sale of land, office buildings, and condominiums is recognized when all the following conditions are satisfied:

- the companies have transferred to the buyer the significant risks and rewards of ownership of the asset sold;
- the companies retain neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the asset sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Companies;
- the costs incurred or to be incurred in respect of the transaction can be measured reliably; and
- there are no significant clauses in sales agreements that oblige the Companies to complete the asset sold.

For sale transactions with some degree of continuing managerial involvement (for example, guarantee to the buyer), revenue recognized at the date of sale is reduced by the estimated exposure to loss measured at the fair value related to the continuing involvement.

In circumstances where the terms of the transaction provide for the Companies to receive additional consideration which is contingent upon fulfillment of certain conditions without risk of loss, and the transaction otherwise qualifies for profit recognition, the contingent future profits are recognized when the contingency is resolved.

In those cases where the Companies transfer to the buyer control and significant risks and rewards of ownership of the work in progress in its current state as construction progresses, and if all the criteria described above are met, revenue is recognized using the percentage of completion ("POC") method in accordance with IFRIC Interpretation 15 *Agreements for the Construction of Real Estate*.

(c) Long-term construction contracts

The Companies generate revenue from sales of tangible products under long-term construction contracts, principally in connection with the construction of power plants in which the Companies provide engineering, procurement and construction service (Infrastructure business unit segment).

Revenue from fixed price long-term construction contracts is recognized when the outcome of a contract can be estimated reliably. Revenue and costs are recognized generally by the POC method. Under the POC method, revenue is recognized by reference to the stage of completion measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. If circumstances arise that may change the original estimates of revenues, costs, or extent of progress toward completion, then, revisions to the estimates are made.

These revisions may result in increases or decreases in estimated revenues or estimated costs, and such revisions are reflected in profit or loss in which the circumstances that give rise to the revision become known by management. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized to the extent that it is probable that contract costs incurred will be recoverable. Contract costs are recognized as expenses in the period in which they are incurred.

The Companies review the cost performance and estimates to complete projections on its contracts at least on a quarterly basis. The impact of revisions of profit estimates on fixed price contracts are recognized in the period in which the revisions are made. The expected losses on fixed price contracts are recognized as an expense when such losses can be estimated. Provisions are recognized for contingent liabilities in the period in which they become known and estimable pursuant to specific contract terms and conditions.

When costs incurred by the end of reporting period plus recognized profits (less recognized losses) exceed progress billings, the surplus is presented as receivables from customers. For contracts where progress billings exceed contract costs incurred by the end of the reporting period plus recognized profits (less recognized losses), the surplus is presented as payables to customers. Amounts received before the related work is performed are recognized as liabilities and are included in "Advances from customers" in the consolidated statement of financial position. Amounts billed for work performed but not yet paid by the customer are reported in the consolidated statement of financial position and recognized as "Trade and other receivables" and some other assets.

2. Revenue from sales of services and others

The Companies also generate revenue from sales of services and others in connection with (a) customized software development and other software related services, (b) loans, finance leases and operating leases of commercial real estate, automobiles, vessels, and aircrafts, and (c) other service arrangements to suppliers and customers such as arranging finance and coordinating logistics in connection with trading activities.

(a) Customized software development and other software related services

Revenue from customized software services contracts that require the Companies to develop, manufacture or modify information technology systems to a customer's specification, and to provide related services, is recognized by reference to the stage of completion of the contract activity at the end of the reporting period. The stage of completion is estimated by reference to the proportion of contracts cost incurred for work performed to date. Revenue from maintenance is recognized over the contractual period or as the services are rendered (Media, Network & Lifestyle Retail business unit segment).

(b) Loans, finance leases and operating leases of commercial real estate, automobiles, vessels, and aircrafts

Revenue from loans is recognized using the effective interest method over the terms of the loans, which is the rate that exactly discounts the estimated future cash receipts through the expected residual period of the financial asset to that asset's net carrying amount.

Revenue from finance leases is calculated using the interest rate implicit in the lease, which is the discount rate that results in the aggregate present value of the minimum lease payments and the unguaranteed residual value to be equal to the sum of the fair value of the leased asset and any initial direct costs of the lessor.

Revenue from operating leases is recognized in profit or loss on a straight-line basis over the lease term.

The Companies recognize revenue from operating leases in connection with automobiles leased to consumers, vessels leased to shipping companies, aircraft leased to airlines (Transportation & Construction Systems business unit segment and New Industry Development & Cross-function business unit segment), and rental of commercial real estate (General Products & Real Estate business unit segment).

(c) Other service arrangements to suppliers and customers such as arranging finance and coordinating logistics in connection with trading activities

Revenue from other service arrangements includes transactions in which the Companies act between customer and supplier as an agent or broker to provide such services as arranging finance or coordinating logistics in connection with trading activities. Such revenue is recognized when the contracted services are rendered.

3. Multiple-element arrangements

The Companies enter into multiple-element transactions related revenue arrangements, which may include any combination of products, equipment, software, installation services and/or financing.

A multiple-element arrangement is separated into more than one unit of accounting if all of the following criteria are met:

- the delivered element(s) has (have) the standalone value to the customer;
- there is objective and reliable evidence of the fair value of the undelivered element(s); and
- if the arrangement includes a general right of return relative to the delivered element(s), the delivery or performance of the undelivered element(s) is considered probable and substantially in the control of the Companies.

If these criteria are not met, revenue is deferred until the earlier of when such criteria are met or when all of the undelivered elements are delivered. If there is objective and reliable evidence of fair value for all units of accounting in an arrangement, the arrangement consideration is allocated to the separate units of accounting based on each unit's relative fair value. There may be cases, however, in which there is objective and reliable evidence of fair value of the undelivered element(s) but no such evidence for the delivered element(s). In those cases, the residual method is used to allocate the arrangement consideration. Under the residual method, the amount of consideration allocated to the delivered element(s) equals the total arrangement consideration less the aggregate fair value of the undelivered element(s).

4. Gross versus net

In the ordinary course of business the Companies frequently act as an intermediary or agent in executing transactions with third parties. In these arrangements, the Companies determine whether to report revenue based on the "gross" amount billed to the ultimate customer for tangible products or services provided or on the "net" amount received from the customer after commissions and other payments to third parties. However, the amounts of "Gross profit" and "Profit for the year attributable to owners of the parent" are not affected by whether revenue is reported on a gross or net basis.

Determining whether revenue should be reported in gross or net is based on an assessment of whether the Companies are acting as a "principal" or an "agent" in a transaction. Accordingly, to the extent that the Companies are acting as a principal in a transaction, the Companies report revenue on a gross basis and to the extent that the Companies are acting as an agent in a transaction, the Companies report revenue on a net basis. The determination of whether the Companies are acting as a principal or an agent in a transaction involves judgment and is based on an evaluation of the terms of an arrangement with respect to exposure to the significant risks and rewards associated with the sale of tangible products or the rendering of services.

Factors that indicate that the Companies act as a principal, and thus recognize revenue on a gross basis include:

- the Companies have the primary responsibility for providing the goods or services to the customer or for fulfilling the orders;
- the Companies have inventory risk before or after the customer order, during shipping or on return;
- the Companies have latitude in establishing prices, either directly or indirectly; and
- the Companies bear the customer's credit risk for the amount receivable from the customer.

Factors that indicate that the Companies act as an agent, and thus recognize revenue on a net basis include:

- the consideration of services rendered (commission or fee) is fixed; and
- the consideration is determined by multiplying the amount of goods and services provided to customers by a stated percentage.

(13) Total Trading Transactions

Total trading transactions is a voluntary disclosure and represents the gross transaction volume of trading transactions, or the nominal aggregate value of the transactions for which the Companies act as a principal or as an agent. Total trading transactions is not meant to represent sales or revenues in accordance with IFRSs. Total trading transactions should not be construed as equivalent to, or a substitute or proxy for, revenues, or as an indicator of the operating performance, liquidity or cash flows generated by operating, investing or financing activities. A substantial part of total trading transactions represents transactions in which the Companies participate without physical acquisition of goods or without significant inventory risk. The Companies have included the information concerning total trading transactions because it is used by similar Japanese trading companies as an industry benchmark, and the Companies believe it is a useful supplement to results of operations data as a measure of the Companies' performance compared to other similar Japanese trading companies.

(14) Lease Payments

Operating lease payments are recognized in profit or loss on a straight-line basis over the lease term. Lease incentives are deemed as inseparable part of the total lease payments and are recognized over the lease term.

Minimum lease payments made under finance leases are allocated to finance costs and the reduction of the outstanding liabilities. Finance costs are allocated to each period during the lease term so as to produce a constant rate of interest on the remaining balance of liabilities.

Contingent fees are accounted for as adjustments to minimum lease payments over the remaining lease term, when an adjustment to the lease payments becomes certain.

The Companies assess whether an arrangement is, or contains, a lease at the inception of the arrangement. If fulfillment of the arrangement is dependent on the use of a specific asset, it contains a lease. Arrangements convey the right to use the assets when the arrangements convey to the Companies the right to control the use of the underlying assets. Payments and other consideration required by the arrangements are allocated at the inception of the arrangements or upon a reassessment of the arrangements into lease payments and payments of other elements on the basis of their relative fair values. If the Companies conclude that it is impracticable to separate the payments for finance leases reliably, assets and liabilities are recognized at the amount equal to the fair value of the underlying assets. Subsequently the liabilities are reduced as payments are made and finance costs incurred on liabilities are recognized using the Companies' incremental borrowing rate.

(15) Finance Income and Costs

Finance income mainly comprises interest income, dividend income, gain on sale of securities, changes in fair value of financial assets measured at FVTPL, gains on hedging instruments recognized in profit or loss. Interest income is recognized when incurred using the effective interest method. Dividend income is recognized on the date when the right to receive payment is established. Interest income from a financial asset (excluding financial assets measured at FVTPL) is accrued using the effective interest method.

Finance costs mainly comprise interest expense, loss on sale of securities, changes in fair value of financial assets measured at FVTPL, impairment loss on financial assets, losses on hedging instruments recognized in profit or loss. Borrowing costs that are not directly attributable to the acquisition, construction or production of qualifying assets are recognized in profit or loss using the effective interest method.

(16) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of certain qualifying assets, which take a considerable period of time to get ready for their intended use or sale, are added to the costs of those assets, until the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognized in profit or loss when incurred.

(17) Income Taxes

Income taxes comprise current taxes and deferred taxes. These are recognized in profit or loss, except for the taxes which arise from business combinations or are recognized either in other comprehensive income or directly in equity.

Current taxes are the expected taxes payables or receivables on the taxable profit, using the tax rates enacted or substantially enacted by the end of the reporting period, adjusted by taxes payables or receivables in prior years.

Deferred tax assets and liabilities are recognized on temporary differences between the carrying amounts of assets and liabilities for accounting purposes and their tax basis. Deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition of an asset or liability in a transaction which is not related to a business combination and, at the time of transaction, affects neither accounting profit nor taxable profit. Deferred tax liabilities are not recognized if the taxable temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and equity-accounted investees. However, if the Companies are able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future, deferred tax liabilities are not recognized. Deferred tax assets arising from deductible temporary differences associated with investments in subsidiaries and equity-accounted investees are recognized only to the extent that it is probable that there will be sufficient taxable profit against which the benefit of temporary differences can be utilized and the temporary differences will reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the temporary differences will reverse, based on tax laws that have been enacted or substantively enacted by the end of reporting period. Deferred tax assets and deferred tax liabilities are offset when: there is a legally enforceable right to offset current tax assets against current tax liabilities; and income taxes are levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax assets and liabilities on a net basis, or to realize the assets and settle the liabilities simultaneously.

Deferred tax assets are recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realized.

(18) Earnings per Share (attributable to owners of the parent)

The Companies disclose basic and diluted earnings per share (attributable to owners of the parent) related to common stock. Basic earnings per share is calculated by dividing profit for the year (attributable to owners of the parent) by the weighted average number of common stock outstanding during the reporting period, adjusted for the number of treasury stock acquired. For the purpose of calculating diluted earnings per share, profit for the year (attributable to owners of the parent) and the weighted average number of common stock outstanding, adjusted for the number of treasury stock, are adjusted for the effects of all dilutive potential common stock. Potential common stock of the Company is related to the stock option plan.

(19) Operating Segments

Operating segments are components of business activities from which the Companies may earn revenues and incur expenses, including revenues and expenses relating to transactions with other operating segments. Discrete financial information for operating results of all operating segments is available, and is regularly reviewed by Chief Executive Officer of the Companies in order to determine the allocation of resources to the segment and assess its performance.

(20) New Standards and Interpretations Not Yet Applied

The new standards, interpretations, and amendments that have been issued as of the date of the approval for the consolidated financial statements which the Companies have not yet applied as of March 31, 2012, are as follows. The Companies are currently evaluating potential impacts that application of these will have on the consolidated financial statements.

IFRSs	Title	Reporting periods on or after which the applications are required	Reporting periods of the application by the Companies (The reporting period ending)	Summaries of new IFRSs and amendments
IFRS 7	Financial Instruments: Disclosures	July 1, 2011	March 31, 2013	Disclosures of transfer transactions of financial assets
		January 1, 2013	March 31, 2014	Disclosures of offsetting financial assets and financial liabilities
IFRS 10	Consolidated Financial Statements	January 1, 2013	March 31, 2014	Identification of the concept of control and use of control as the single basis for consolidation, irrespective of the nature of the investee (Replacement for IAS 27 and SIC 12*)
IFRS 11	Joint Arrangements	January 1, 2013	March 31, 2014	Establishment of accounting for joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form (Replacement of IAS 31* and SIC 13*)
IFRS 12	Disclosure of Interests in Other Entities	January 1, 2013	March 31, 2014	Disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities. (Replacement of appropriate parts of IAS 27 and IAS 28*)
IFRS 13	Fair Value Measurements	January 1, 2013	March 31, 2014	Establishment of a single framework when other IFRSs requires the measurement of fair values
IAS 1	Presentation of Financial Statements	July 1, 2012	March 31, 2014	Presentation of items of other comprehensive income
		January 1, 2013	March 31, 2014	Clarification of the requirements for comparative information
IAS 12	Income Taxes	January 1, 2012	March 31, 2013	Exemption to the measurement principle relating to the deferred tax on investment properties measured at fair value
IAS 16	Property, Plant and Equipment	January 1, 2013	March 31, 2014	Classification of servicing equipment
IAS 19	Employee Benefits	January 1, 2013	March 31, 2014	Recognition of actuarial gains and losses and past service cost, and presentation and disclosure of post-employment benefits
IAS 32	Financial Instruments: Presentation	January 1, 2013	March 31, 2014	Accounting for income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction
		January 1, 2014	March 31, 2015	Presentation of offsetting financial assets and financial liabilities
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	January 1, 2013	March 31, 2014	Accounting for stripping costs in the production phase of a surface mine

* When IFRS 10, IFRS 11 and IFRS 12 are applied, IAS 31, SIC 12 and SIC 13 are superseded, while amended and retitled IAS 27 "Separate Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" are effective.

4. Segment Information

(1) Operating Segment

The Companies conduct business through seven industry-based business operating segments (business units) and two sets of regional operations (domestic and overseas). The Companies' industry-based business segments are:

Metal Products
Transportation & Construction Systems
Infrastructure
Media, Network & Lifestyle Retail
Mineral Resources, Energy, Chemical & Electronics
General Products & Real Estate
New Industry Development & Cross-function

"Trading" used in the following descriptions of the Companies' business units represents sales transactions where the business units act as a principal or an agent. See Note 3. (12) for the Companies' accounting policy on revenue recognition.

Metal Products—The Metal Products Business Unit segment engages in global trading involving ferrous and non-ferrous metal products and investment in processing and manufacturing. In steel sheets and tubular products businesses, the Companies offer supply chain management (SCM) services in response to the customer's needs precisely. This segment consists of three Iron & Steel Divisions, the Tubular Products Division and the Non-Ferrous Products & Metals Division.

Transportation & Construction Systems—The Transportation & Construction Systems Business Unit segment engages in global transactions involving ships, aircrafts, transportation systems, motor vehicles, construction equipment and related components and parts. Activities of this segment range from trading, leasing and financing to designing and arranging the construction of public transportation systems. This segment consists of the Ship, Aerospace & Transportation Systems Division, two Automotive Divisions, and the Construction & Mining Systems Division.

Infrastructure—The Infrastructure Business Unit segment engages in a wide range of large-scale infrastructure development projects relating to, power generation, telecommunications facilities, water and sewage facilities. This segment also engages in constructing, investing and financing of infrastructure projects overseas and in supplying manufacturing equipment and systems, and electric power projects for various domestic industries. This segment also engages in trading and investing in businesses of telecommunications facilities, renewable energy such as wind power generation. This segment consists of the Telecommunication, Environment & Industrial Infrastructure Business Division and the Global Power Infrastructure Business Division.

Media, Network & Lifestyle Retail—The Media, Network & Lifestyle Retail Business Unit segment engages in cable TV operations, production and distribution of program, movie business, IT service business, cell-phone related business and internet various related businesses. This segment also engages in retail businesses such as supermarket, drugstore, various mail order business and fashion business. With these businesses, this segment focuses on enhancing the value of each business, as well as to expand synergy amongst them. This segment consists of the Media Division, the Network Division and the Lifestyle & Retail Business Division.

Mineral Resources, Energy, Chemical & Electronics—The Mineral Resources, Energy, Chemical & Electronics Business Unit segment engages in the development and trading of mineral and energy resources including coal, iron ore, manganese, uranium, non-ferrous metals, precious metals, petroleum, natural gas and liquefied natural gas (LNG). This segment also trades petroleum products, liquefied petroleum gas (LPG), storage batteries, carbon products, plastics, organic and inorganic chemicals, silicon wafers, LEDs, pharmaceuticals, agricultural chemicals, household insecticide and pet supplies and is also involved and invests in those businesses. This segment also operates electronics manufacturing services (EMS) mainly in Asia. This segment consists of two Mineral Resources Divisions, the Energy Division, the Basic Chemicals & Electronics Division and the Life Science Division.

General Products & Real Estate—The General Products & Real Estate Business Unit segment engages in trading, marketing, manufacturing, selling, processing and distribution of food, foodstuffs, fertilizers, cement, timber, building materials, paper pulp, used paper and tires. This segment also engages in a variety of real estate activities relating to office buildings and commercial and residential properties. This segment consists of the Food Business Division, the Materials & Supplies Division and the Construction & Real Estate Division.

New Industry Development & Cross-function—The New Industry Development & Cross-function Business Unit segment engages in new industrial businesses such as photovoltaic power generation, environment-friendly recycling, low-carbonization and emission trading and batteries for electric vehicles, and is also involved in businesses such as trading materials of solar and lithium batteries and venture investments. This segment also engages in finance-related businesses such as leasing business, commodity futures trading, derivative transactions and private equity investments, as well as providing logistics services such as delivery, customs clearance and transportation services, arrangements for insurance and development and operation of industrial parks. This segment consists of the New Business Development & Promotion Division, the Financial Service Division and the Logistics & Insurance Business Division.

Domestic Regional Business Units and Offices—The Domestic Regional Business Units and Offices segment conducts domestic regional operations in three regional business units, focused in the Kansai, Chubu and Kyushu-Okinawa regions, and two other regional offices. These regional operations conduct business activities in all industry sectors based on their specialized knowledge of the region. In addition, they work together on certain projects with the industry-based business units in order to develop products and services that are more focused on that particular region.

Overseas Subsidiaries and Branches—The Overseas Subsidiaries and Branches segment includes subsidiaries and branches located throughout the world, with operations in the Americas, Europe, China, and Asia. These regional operations conduct business activities in all industry sectors based on their specialized knowledge of the region. In addition, they work together on certain projects with the industry-based business units in order to develop products and services that are more focused on that particular region.

The reportable segments are organized based on the nature of products and services provided and on certain specific domestic and overseas region that oversee the business activities of all products and services in those regions. Each business segment operates with a degree of autonomy in pursuing its strategic goals, managing operations and ensuring accountability. Segment financial information is evaluated regularly by management in order to assess performance and determine the allocation of resources.

Information by operating segment for the years ended March 31, 2012 and 2011 is summarized as follows:

2012	Millions of Yen			
Segment	Revenue	Gross profit	Profit for the year (attributable to owners of the parent)	Total assets
Metal Products	**¥ 452,199**	**¥ 66,826**	**¥ 15,363**	**¥ 638,428**
Transportation & Construction Systems	**615,678**	**147,104**	**29,609**	**900,810**
Infrastructure	**93,810**	**31,232**	**9,995**	**563,075**
Media, Network & Lifestyle Retail	**675,003**	**221,081**	**29,842**	**1,031,574**
Mineral Resources, Energy, Chemical & Electronics	**283,101**	**112,822**	**89,833**	**1,171,322**
General Products & Real Estate	**342,482**	**100,155**	**19,663**	**771,642**
New Industry Development & Cross-function	**40,375**	**27,836**	**14,572**	**549,652**
Domestic Regional Business Units and Offices	**69,319**	**37,660**	**4,998**	**419,557**
Overseas Subsidiaries and Branches	**708,203**	**178,958**	**48,923**	**1,151,957**
Total	**3,280,170**	**923,674**	**262,798**	**7,198,017**
Corporate and Eliminations	**(19,175)**	**(4,849)**	**(12,129)**	**28,752**
Consolidated	**¥3,260,995**	**¥918,825**	**¥250,669**	**¥7,226,769**

2011	Millions of Yen			
Segment	Revenue	Gross profit	Profit for the year (attributable to owners of the parent)	Total assets
Metal Products	¥ 494,984	¥ 66,128	¥ 18,200	¥ 635,120
Transportation & Construction Systems	581,970	145,663	26,315	1,310,925
Infrastructure	127,228	23,321	4,015	544,853
Media, Network & Lifestyle Retail	529,347	183,158	23,968	777,720
Mineral Resources, Energy, Chemical & Electronics	290,663	111,336	65,610	1,150,384
General Products & Real Estate	331,581	99,131	9,620	696,464
New Industry Development & Cross-function	59,806	30,407	13,013	597,304
Domestic Regional Business Units and Offices	66,337	38,751	3,912	354,519
Overseas Subsidiaries and Branches	636,441	176,399	35,027	1,155,500
Total	3,118,357	874,294	199,680	7,222,789
Corporate and Eliminations	(18,172)	(10,300)	542	7,713
Consolidated	¥3,100,185	¥863,994	¥200,222	¥7,230,502

2012	Millions of U.S. Dollars			
Segment	Revenue	Gross profit	Profit for the year (attributable to owners of the parent)	Total assets
Metal Products	**$ 5,515**	**$ 815**	**$ 187**	**$ 7,786**
Transportation & Construction Systems	**7,508**	**1,794**	**361**	**10,986**
Infrastructure	**1,144**	**381**	**122**	**6,867**
Media, Network & Lifestyle Retail	**8,232**	**2,696**	**364**	**12,580**
Mineral Resources, Energy, Chemical & Electronics	**3,452**	**1,376**	**1,095**	**14,284**
General Products & Real Estate	**4,177**	**1,221**	**240**	**9,410**
New Industry Development & Cross-function	**492**	**340**	**178**	**6,703**
Domestic Regional Business Units and Offices	**845**	**459**	**61**	**5,117**
Overseas Subsidiaries and Branches	**8,637**	**2,182**	**597**	**14,048**
Total	**40,002**	**11,264**	**3,205**	**87,781**
Corporate and Eliminations	**(234)**	**(59)**	**(148)**	**350**
Consolidated	**$39,768**	**$11,205**	**$3,057**	**$88,131**

Corporate assets consist primarily of cash and cash equivalents and marketable securities maintained by corporate headquarters that is not relate to operating segment.

Profit for the year (attributable to owners of the parent) in Corporate and Eliminations includes certain profits and losses that are not allocated to operating segments and intersegment eliminations.

Transactions between segments are made on an arm's-length basis.

(2) Geographic Information

The Companies' revenue by geographical areas for the years ended March 31, 2012 and 2011 is as follows:

	Millions of Yen		Millions of U.S. Dollars
	2012	2011	**2012**
Japan	**¥1,714,583**	¥1,736,904	**$20,910**
Asia	**246,205**	248,871	**3,002**
North America:			
U.S.	**634,569**	606,767	**7,739**
Others	**144,427**	116,634	**1,761**
Europe	**300,137**	257,117	**3,660**
Others	**221,074**	133,892	**2,696**
Total	**¥3,260,995**	¥3,100,185	**$39,768**

The carrying amount of non-current assets, excluding Financial assets and Deferred tax assets, by geographical areas as of March 31, 2012 and 2011 is as follows:

	Millions of Yen		Millions of U.S. Dollars
	2012	2011	**2012**
Japan	**¥ 683,409**	¥ 910,137	**$ 8,334**
Asia	**45,566**	48,126	**556**
North America:			
U.S.	**179,037**	205,893	**2,183**
Others	**16,487**	15,466	**201**
Europe	**134,279**	139,430	**1,638**
Others	**131,389**	130,851	**1,602**
Total	**¥1,190,167**	¥1,449,903	**$14,514**

Breakdown by products and services are not available.

5. Acquisition of Subsidiaries

For the year ended March 31, 2012

On April 18, 2011, the Company and Sumisho Computer Systems Corporation (“SCS”), a subsidiary of the Company, jointly undertook the tender offer for the purpose of acquiring common shares, the seventh series stock acquisition rights and the class F preferred shares of CSK Corporation (“CSK”) who operates BPO (business process outsourcing), IT management and other businesses and the Company acquired 54.17% of the voting rights. The Companies decided to jointly acquire the shares to improve its corporate value by increasing its competitiveness in the IT services industry, which is a strategic industry sector, and to further advance the informational infrastructure of the Companies.

Effective October 1, 2011, CSK has been merged with SCS and renamed as SCSK Corporation.

The acquisition-date fair value of the consideration transferred which consists of cash, the previously held equity interest, assets acquired and liabilities assumed, and non-controlling interests are as follows:

	Millions of Yen	Millions of U.S. Dollars
Fair value of the consideration transferred	**¥ 19,698**	**$ 240**
Fair value of the previously held equity interest	**15,064**	**184**
Total	**34,762**	**424**
Cash and cash equivalents	**51,672**	**630**
Trade and other receivables	**29,585**	**361**
Other current assets	**22,036**	**269**
Property, plant and equipment	**18,638**	**227**
Intangible assets	**26,915**	**328**
Other non-current assets	**89,581**	**1,093**
Current liabilities	**(123,570)**	**(1,507)**
Non-current liabilities	**(90,841)**	**(1,108)**
Net assets	**24,016**	**293**
Non-controlling interests	**(9,446)**	**(115)**
Goodwill	**20,192**	**246**
Total	**¥ 34,762**	**$ 424**

The goodwill consists primarily of future economic benefits and synergies with existing operations and is recognized in Media, Network & Lifestyle Retail segment. Non-controlling interests were measured at the ownership instruments’ proportionate share in the recognized amounts of the acquiree’s identifiable net assets.

The acquisition-related costs of ¥398 million ($5 million) are included in “Selling, general and administrative expenses” in the Consolidated statement of comprehensive income for the year ended March 31, 2012.

Business combinations other than CSK during the year ended March 31, 2012 mainly consist of integrated supply business of agricultural materials and consulting business in oil and gas development technology. The aggregated consideration transferred at the acquisition date for these business combinations was ¥3,915 million ($48 million) and was paid fully in cash. The aggregated fair value of assets acquired and liabilities assumed, and non-controlling interests were ¥6,823 million ($83 million), ¥2,666 million ($33 million) and ¥224 ($3 million), respectively.

For the year ended March 31, 2011

During the year ended March 31, 2011, the Companies made material business acquisitions with an aggregate purchase price of ¥15,235 million, which was paid fully in cash, including Oil Country Tubular Goods ("OCTG") premium threading/trading business in South East Asia, grain storage and handling business in Australia, tire business in the Americas, and other businesses.

In connection with these business combinations, ¥38,572 million, ¥15,370 million and ¥3,369 million were recognized as assets acquired, liabilities assumed, and non-controlling interests on a fair value basis, respectively. ¥6,964 million and ¥6,280 million included in the figures above were recognized in other intangible assets and goodwill, respectively. The intangible assets subject to amortization consist primarily of customer relationships.

The goodwill arising from business combinations during the year ended March 31, 2011 consists primarily of future economic benefits and synergies with existing operations.

6. Marketable Securities and Other Investments

The amounts of "Marketable securities" and "Other investments" in the Consolidated statement of financial position are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2012	2011	**2012**
Marketable securities:			
FVTPL	**¥ 14,904**	¥ 5,239	**$ 182**
Amortised cost	**5,570**	—	**68**
Total	**20,474**	5,239	**250**
Other investments:			
FVTPL	**57,313**	26,542	**699**
FVTOCI	**413,777**	411,450	**5,046**
Amortised cost	**5,820**	8,327	**71**
Total	**¥476,910**	¥446,319	**$5,816**

The fair values of "Marketable securities" and "Other investments" measured at amortized cost as of March 31, 2012 and 2011 are ¥11,439 million ($140 million) and ¥8,452 million, respectively.

The Companies classify investments as financial assets measured at FVTOCI when those investments are held for the objective of expanding the revenue base through maintenance and reinforcement of relationships with investees.

The fair value and dividends received from "Other investments" measured at FVTOCI held as of March 31, 2012 and 2011 are as follows:

	Millions of Yen				Millions of U.S. Dollars	
	2012		2011		**2012**	
	Fair value	Dividends	Fair value	Dividends	Fair value	Dividends
Listed	**¥284,091**	**¥ 4,646**	**¥285,839**	**¥5,722**	**$3,465**	**$ 57**
Unlisted	**129,686**	**5,699**	**125,611**	**3,215**	**1,581**	**69**
Total	**¥413,777**	**¥10,345**	**¥411,450**	**¥8,937**	**$5,046**	**$126**

The fair values of "Other investments" measured at FVTOCI as of March 31, 2012 mainly consist of the followings:

	Millions of Yen	Millions of U.S. Dollars
	2012	**2012**
Sumitomo Metal Industries, Ltd.	**¥76,540**	**$933**
SMFG PREFERRED CAPITAL JPY 2 LIMITED–preferred equity investment	**21,502**	**262**
Sumitomo Mitsui Trust Holdings, Inc.–preferred stock	**16,122**	**197**
TOYOTA MOTOR CORPORATION	**11,965**	**146**
YAMAZAKI BAKING CO., LTD.	**11,095**	**135**
Sumitomo Rubber Industries, Ltd.	**10,561**	**129**
Sumitomo Realty & Development Co., LTD.	**10,308**	**126**
Asahi Group Holdings, Ltd.	**9,004**	**110**
MS&AD Insurance Group Holdings, Inc.	**8,690**	**106**
ISUZU MOTORS LIMITED	**8,282**	**101**
Sumitomo Metal Mining Co., Ltd.	**8,141**	**99**
SKY Perfect JSAT Holdings Inc.	**8,113**	**99**
Mazda Motor Corporation	**7,744**	**94**
Honda Motor Co., Ltd.	**6,290**	**77**
YAMATO KOGYO CO., LTD.	**5,943**	**72**
NIPPON STEEL CORPORATION	**5,845**	**71**
Sumitomo Electric Industries, Ltd.	**5,674**	**69**
KATO SANGYO CO., LTD.	**5,343**	**65**
NISSHIN SEIFUN GROUP INC.	**5,040**	**61**
The Dai-ichi Life Insurance Company, Limited	**4,199**	**51**
Rengo Co., LTD.	**3,590**	**44**

The fair values of "Other investments" measured at FVTOCI as of March 31, 2011 mainly consist of the followings:

	Millions of Yen
	2011
Sumitomo Metal Industries, Ltd.	¥85,249
SMFG PREFERRED CAPITAL JPY 2 LIMITED–preferred equity investment	21,936
The Sumitomo Trust and Banking Co., Ltd.–preferred stock	16,581
TOYOTA MOTOR CORPORATION	11,228
Sumitomo Metal Mining Co., Ltd.	10,017
Mazda Motor Corporation	9,774
MS&AD Insurance Group Holdings, Inc.	9,688
YAMAZAKI BAKING CO., LTD.	9,065
Sumitomo Rubber Industries, Ltd.	8,168
NIPPON STEEL CORPORATION	6,849
YAMATO KOGYO CO., LTD.	6,817
ASAHI BREWERIES, LTD.	6,793
SKY Perfect JSAT Holdings Inc.	6,544
Honda Motor Co., Ltd.	6,250
Sumitomo Electric Industries, Ltd.	5,764
ISUZU MOTORS LIMITED	5,618
OSAKA Titanium technologies Co., Ltd.	4,959
SUMITOMO CHEMICAL COMPANY, LIMITED	4,942
NISSHIN SEIFUN GROUP INC.	4,828
KATO SANGYO CO., LTD.	4,693
The Dai-ichi Life Insurance Company, Limited	4,611

"Other investments" measured at FVTOCI which were disposed of during the years ended March 31, 2012 and 2011 are as follows:

Millions of Yen						Millions of U.S. Dollars		
2012			2011			**2012**		
Fair value at the date of sale	Cumulative gains or (losses)	Dividends	Fair value at the date of sale	Cumulative gains or (losses)	Dividends	Fair value at the date of sale	Cumulative gains or (losses)	Dividends
¥26,081	**¥2,521**	**¥363**	¥34,287	¥14,074	¥342	**$318**	**$31**	**$4**

The Companies sold the investments mainly as a result of reviewing the business relationships. In connection with the disposal, the Companies reclassified the cumulative gains (net of tax) on sales of ¥1,651 million ($20 million) and ¥8,542 million from Other components of equity to Retained earnings for the years ended March 31, 2012 and 2011, respectively.

For financial assets measured at FVTOCI of which the decline in fair value compared to its acquisition cost is significant and other than temporary, the Companies reclassified the cumulative losses (net of tax) of ¥2,035 million ($25 million) and ¥5,549 million from Other components of equity to Retained earnings for the years ended March 31, 2012 and 2011, respectively.

7. Trade and Other Receivables

The components of Trade and other receivables as of March 31, 2012 and 2011 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2012	2011	**2012**
Notes receivable	**¥ 123,131**	¥ 109,892	**$ 1,502**
Accounts receivable	**1,142,320**	1,131,897	**13,931**
Receivables due from equity-accounted investees	**170,051**	143,144	**2,074**
Loans receivable	**286,489**	346,062	**3,494**
Finance lease receivable	**382,318**	344,514	**4,662**
Other receivables	**93,271**	101,475	**1,137**
Less: Allowance for doubtful receivables	**(37,488)**	(43,128)	**(457)**
Trade and other receivables	**¥2,160,092**	¥2,133,856	**$26,343**

Financial assets measured at FVTPL of ¥40,253 million ($491 million) and ¥44,462 million were included in Accounts receivable, and ¥3,000 million ($37 million) and ¥3,000 million were included in Loans receivable as of March 31, 2012 and 2011, respectively.

The components of Trade and other receivables in the Consolidated statement of financial position as of March 31, 2012 and 2011 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2012	2011	**2012**
Current assets	**¥1,514,360**	¥1,511,442	**$18,468**
Non-current assets	**645,732**	622,414	**7,875**
Total	**¥2,160,092**	¥2,133,856	**$26,343**

Trade and other receivables by operating segment as of March 31, 2012 and 2011 are summarized as follows:

	Millions of Yen		Millions of U.S. Dollars
	2012	2011	**2012**
Metal Products	**¥ 285,438**	¥ 290,702	**$ 3,481**
Transportation & Construction Systems	**364,988**	586,729	**4,451**
Infrastructure	**424,912**	240,322	**5,182**
Media, Network & Lifestyle Retail	**123,367**	89,833	**1,504**
Mineral Resources, Energy, Chemical & Electronics	**348,259**	417,905	**4,247**
General Products & Real Estate	**134,481**	119,035	**1,640**
New Industry Development & Cross-function	**84,808**	113,851	**1,034**
Others	**393,839**	275,479	**4,804**
Trade and other receivables	**¥2,160,092**	¥2,133,856	**$26,343**

Certain notes receivables derived from mainly export transactions are transferred to banks on a discounted basis. The Companies are liable to the banks for defaults by the note issuer. As such, the Companies continue to recognize the discounted notes receivables of ¥7,329 million ($89 million) and ¥10,481 million as of March 31, 2012 and 2011, respectively, and these discounted notes are presented in “Trade and other receivables” in the Consolidated statement of financial position. The associated liabilities of ¥7,329 million ($89 million) and ¥10,481 million are presented in “Bonds and borrowings.”

Allowance for doubtful receivables is recognized against the receivables based on estimated irrecoverable amounts determined considering individual customers’ risk factors such as historical performance, recent developments, changes in original terms, internal risk-ratings, industry trends, and other specific factors as well as general risk factors, including sovereign risk of the country where the customer resides. Credit insurance and collateral obtained are also considered in the estimation of irrecoverable amounts.

Movements in the Allowance for doubtful receivables for the years ended March 31, 2012 and 2011 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2012	2011	**2012**
Balance, beginning of year	**¥43,128**	¥ 49,539	**$ 526**
Impairment losses	**10,207**	16,446	**125**
Charge-off	**(15,048)**	(20,731)	**(184)**
Exchange differences on translating foreign operations	**(799)**	(2,126)	**(10)**
Balance, end of year	**¥37,488**	¥ 43,128	**$ 457**

As of March 31, 2012 and 2011, the total gross amount of impaired trade and other receivables was ¥42,508 million ($518 million) and ¥21,555 million, respectively and the cumulative impairment losses recognized as of March 31, 2012 and 2011 were ¥22,044 million ($269 million) and ¥17,115 million, respectively.

The age of trade and other receivables that are past due but not impaired as of March 31, 2012 and 2011 are as follows:

Receivables disclosed below include amounts considered recoverable through credit insurance and collateral and are not considered to be impaired as of March 31, 2012 and 2011.

	Millions of Yen		Millions of U.S. Dollars
	2012	2011	**2012**
Past due within 90 days	**¥68,362**	¥ 73,456	**$833**
Past due over 90 days until 1 year	**5,622**	15,600	**69**
Past due over 1 year	**6,524**	17,730	**80**
Total	**¥80,508**	¥106,786	**$982**

8. Leases

(1) As lessor

The Companies lease aircraft, vehicles, office buildings and other industrial machinery and equipment to third parties under arrangements which are classified as cancelable and non-cancelable operating leases. Costs of the leased properties as of March 31, 2012 and 2011 were ¥351,960 million ($4,292 million) and ¥848,879 million, respectively. Accumulated depreciation and accumulated impairment losses as of March 31, 2012 and 2011 were ¥94,309 million ($1,150 million) and ¥341,640 million, respectively. These assets were included in “Property, plant and equipment,” “Intangible assets,” and “Investment property” in the Consolidated statement of financial position.

Future minimum lease payments receivable under non-cancelable operating leases as of March 31, 2012 and 2011 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2012	2011	**2012**
Due in one year or less	**¥27,468**	¥124,294	**$335**
Due after one year through five years	**55,671**	194,906	**679**
Due after five years	**27,739**	36,458	**338**

The Companies lease vehicles, vessels, power stations, service equipment and other assets under arrangements which are classified as finance leases under International Accounting Standard No. 17 *Leases* ("IAS 17"). The most significant leased item is the power station which is a coal-fired thermal power plant owned by the Companies in Indonesia and currently leased to the Indonesian state-owned electricity corporation.

Future receivable under finance leases as of March 31, 2012 and 2011 are as follows:

	Minimum lease payments receivable		
	Millions of Yen		Millions of U.S. Dollars
	2012	2011	**2012**
Due in one year or less	**¥ 71,261**	¥101,812	**$ 869**
Due after one year through five years	**229,437**	203,449	**2,798**
Due after five years	**267,198**	93,434	**3,258**
Unguaranteed residual value	**3,774**	11,437	**46**
Less: Future finance income	**(189,352)**	(65,618)	**(2,309)**
Present value of minimum lease payments receivable	**¥ 382,318**	¥344,514	**$ 4,662**

	Present value of minimum lease payments receivable		
	Millions of Yen		Millions of U.S. Dollars
	2012	2011	**2012**
Due in one year or less	**¥ 40,371**	¥ 86,742	**$ 492**
Due after one year through five years	**137,382**	173,110	**1,675**
Due after five years	**204,565**	84,662	**2,495**

Contingent rental income recognized in profit or loss for the years ended March 31, 2012 and 2011 were ¥1,634 million ($20 million) and ¥126 million, respectively.

(2) As lessee

The Companies lease office space and certain other assets under cancelable and non-cancelable operating leases. Total rental expenses under such leases for the years ended March 31, 2012 and 2011 were ¥68,660 million ($837 million) and ¥67,734 million, respectively.

Future minimum lease payments under non-cancelable operating leases as of March 31, 2012 and 2011 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2012	2011	**2012**
Due in one year or less	**¥ 44,381**	¥39,744	**$ 541**
Due after one year through five years	**136,105**	129,407	**1,660**
Due after five years	**216,289**	233,271	**2,638**

The Companies also lease equipment and other assets under arrangements which are classified as finance leases under IAS 17. Costs of the leased properties as of March 31, 2012 and 2011 were ¥63,270 million ($772 million) and ¥69,180 million, respectively. Accumulated depreciation and accumulated impairment losses as of March 31, 2012 and 2011 were ¥23,004 million ($281 million) and ¥22,730 million, respectively. These assets are included in "Property, plant and equipment" and "Intangible assets" in the Consolidated statement of financial position.

Future payments under finance leases as of March 31, 2012 and 2011 are as follows:

	Minimum lease payments		
	Millions of Yen		Millions of U.S. Dollars
	2012	2011	**2012**
Due in one year or less	**¥ 10,161**	¥13,600	**$ 124**
Due after one year through five years	**31,992**	36,677	**390**
Due after five years	**57,398**	62,198	**700**
Less: Future finance cost	**(39,969)**	(46,517)	**(487)**
Present value of lease obligations	**¥ 59,582**	¥65,958	**$ 727**

	Present value of minimum lease payments		
	Millions of Yen		Millions of U.S. Dollars
	2012	2011	**2012**
Due in one year or less	**¥ 5,605**	¥ 8,923	**$ 68**
Due after one year through five years	**18,501**	20,906	**226**
Due after five years	**35,476**	36,129	**433**

The total amount of lease payments included in “Cost” for the years ended March 31, 2012 and 2011 are ¥8,813 million ($107 million) and ¥12,290 million, respectively.

9. Construction Contracts

(1) Long-term Construction Contracts

Amounts due from and due to customers under long-term construction contracts as of March 31, 2012 and 2011 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2012	2011	**2012**
Contracts in progress			
Amounts due from customers under construction contracts, included in Trade and other receivables and others	**¥ 14,298**	¥154,559	**$ 174**
Amounts due to customers under construction contracts, included in Advances from customers and others	**(5,908)**	(2,394)	**(72)**
Construction costs incurred and profits recognized less losses recognized to date	**¥ 56,824**	¥197,921	**$ 693**
Less: progress billings	**(48,434)**	(45,756)	**(591)**
Due from (to) customers	**¥ 8,390**	¥152,165	**$ 102**

Advances received from customers for contract work before the related work is performed as of March 31, 2012 and 2011 were ¥656 million ($8 million) and ¥1,422 million, respectively. There were no retentions held by customers for contract work as of March 31, 2012 and 2011.

Contract revenue for the years ended March 31, 2012 and 2011 were ¥43,309 million ($528 million) and ¥85,751 million, respectively.

(2) Real Estate Construction Contracts

The total amount of construction costs incurred and profits recognized under real estate construction contracts in progress for the years ended March 31, 2012 and 2011 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2012	2011	**2012**
Contracts in progress			
Construction costs incurred and profits recognized to date	**—**	¥12,393	**—**

There were no advances received from customers before the related work is performed as of March 31, 2012 and 2011.

The amount of revenue arising from agreements for the years ended March 31, 2012 and 2011 were ¥28,171 million ($344 million) and ¥12,393 million, respectively.

10. Inventories

The components of Inventories as of March 31, 2012 and 2011 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2012	2011	**2012**
Real estate held for development and resale	**¥ 75,790**	¥ 77,662	**$ 924**
Commodities	**557,474**	543,326	**6,798**
Materials/work in progress	**73,841**	77,822	**901**
Inventories	**¥707,105**	¥698,810	**$8,623**

The carrying amounts of Inventories measured at fair value less costs to sell as of March 31, 2012 and 2011 were ¥80,879 million ($986 million) and ¥65,269 million, respectively.

The write-down of Inventories recognized as an expense for the years ended March 31, 2012 and 2011 was ¥6,680 million ($81 million) and ¥13,038 million, respectively.

11. Investments Accounted for Using the Equity Method

Summarized financial information of equity-accounted investees as of, and for the years ended, March 31, 2012 and 2011 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2012	2011	**2012**
Total assets	**¥8,367,786**	¥7,439,705	**$102,046**
Total liabilities	**5,359,385**	4,798,173	**65,358**
Total equity	**3,008,401**	2,641,532	**36,688**

	Millions of Yen		Millions of U.S. Dollars
	2012	2011	**2012**
Gross profit	**¥913,250**	¥953,975	**$11,137**
Profit for the year	**349,304**	369,537	**4,260**

The fair values of equity-accounted investees for which there are published price quotations as of March 31, 2012 and 2011 were ¥264,583 million ($3,227 million) and ¥265,983 million, respectively. The carrying amount of these investments as of March 31, 2012 and 2011 were ¥303,004 million ($3,695 million) and ¥290,180 million, respectively.

The Companies engage in various agency transactions between equity-accounted investees and third parties. Net fees earned on these transactions are not material.

Transactions with equity-accounted investees for the years ended March 31, 2012 and 2011 are summarized as follows:

	Millions of Yen		Millions of U.S. Dollars
	2012	2011	**2012**
Management and secondment fees, received	**¥3,489**	¥3,008	**$43**
Interest income	**920**	625	**11**
Interest expense	**438**	520	**5**

Transactions with equity-accounted investees stated above are made on an arm's length basis.

Significant interests in jointly controlled entities are 50% equity interest of LNG Japan Corporation held by Mineral Resources, Energy, Chemical & Electronics segment.

12. Property, Plant and Equipment

Cost and accumulated depreciation and impairment losses of property, plant and equipment as of March 31, 2012 and 2011 are as follows:

[Cost]

	Millions of Yen					
	Land and land improvements	Buildings including leasehold improvements	Machinery and equipment	Projects in progress	Mining rights	Total
Balance as of April 1, 2010	¥85,643	¥262,117	¥1,009,905	¥ 10,144	¥58,354	¥1,426,163
Acquisitions	3,274	9,057	104,093	24,689	20,576	161,689
Reclassification	—	6,047	15,312	(21,359)	—	—
Acquisitions through business combinations	1,592	1,136	7,892	527	—	11,147
Disposals	(2,017)	(4,366)	(70,065)	(1,611)	—	(78,059)
Exchange differences on translating foreign operations	(1,392)	(8,002)	(33,540)	(744)	(4,912)	(48,590)
Others	1,024	2,962	(6,278)	740	166	(1,386)
Balance as of March 31, 2011	88,124	268,951	1,027,319	12,386	74,184	1,470,964
Acquisitions	**1,683**	**7,435**	**125,167**	**29,247**	**12,099**	**175,631**
Reclassification	**129**	**8,781**	**12,268**	**(21,178)**	**—**	**—**
Acquisitions through business combinations	**8,014**	**8,391**	**8,118**	**—**	**—**	**24,523**
Deconsolidation of subsidiaries	**(2,244)**	**(18,615)**	**(522,227)**	**(640)**	**(313)**	**(544,039)**
Disposals or reclassification to assets classified as held for sale	**(7,008)**	**(11,251)**	**(86,612)**	**(218)**	**—**	**(105,089)**
Exchange differences on translating foreign operations	**(470)**	**(2,836)**	**(9,303)**	**(124)**	**(2,625)**	**(15,358)**
Others	**1,914**	**4,482**	**(1,301)**	**(446)**	**(1,636)**	**3,013**
Balance as of March 31, 2012	**¥90,142**	**¥265,338**	**¥ 553,429**	**¥ 19,027**	**¥81,709**	**¥1,009,645**

	Millions of U.S. Dollars					
	Land and land improvements	Buildings including leasehold improvements	Machinery and equipment	Projects in progress	Mining rights	Total
Balance as of March 31, 2011	$1,075	$3,280	$12,528	$ 151	$905	$17,939
Acquisitions	**20**	**91**	**1,526**	**357**	**148**	**2,142**
Reclassification	**1**	**107**	**150**	**(258)**	**—**	**—**
Acquisitions through business combinations	**98**	**102**	**99**	**—**	**—**	**299**
Deconsolidation of subsidiaries	**(27)**	**(227)**	**(6,369)**	**(8)**	**(4)**	**(6,635)**
Disposals or reclassification to assets classified as held for sale	**(85)**	**(137)**	**(1,057)**	**(3)**	**—**	**(1,282)**
Exchange differences on translating foreign operations	**(6)**	**(35)**	**(113)**	**(2)**	**(32)**	**(188)**
Others	**23**	**55**	**(15)**	**(5)**	**(21)**	**37**
Balance as of March 31, 2012	**$1,099**	**$3,236**	**$ 6,749**	**$ 232**	**$996**	**$12,312**

[Accumulated depreciation and impairment losses]

	Millions of Yen					
	Land and land improvements	Buildings including leasehold improvements	Machinery and equipment	Projects in progress	Mining rights	Total
Balance as of April 1, 2010	¥ (338)	¥(106,690)	¥(474,017)	¥(61)	¥ (6,785)	¥(587,891)
Disposals	—	2,928	47,681	—	—	50,609
Depreciation expenses	—	(17,329)	(108,548)	—	(5,331)	(131,208)
Impairment losses	(785)	(746)	(4,724)	—	(1,080)	(7,335)
Exchange differences on translating foreign operations	3	2,737	10,246	—	300	13,286
Others	185	1,715	3,395	61	(346)	5,010
Balance as of March 31, 2011	(935)	(117,385)	(525,967)	—	(13,242)	(657,529)
Deconsolidation of subsidiaries	**—**	**8,408**	**301,761**	**—**	**313**	**310,482**
Disposals or reclassification to assets classified as held for sale	**105**	**6,393**	**55,565**	**—**	**—**	**62,063**
Depreciation expenses	**—**	**(14,821)**	**(102,981)**	**—**	**(4,432)**	**(122,234)**
Impairment losses	**(463)**	**(2,236)**	**(327)**	**—**	**(587)**	**(3,613)**
Exchange differences on translating foreign operations	**(1)**	**888**	**2,915**	**—**	**394**	**4,196**
Others	**116**	**588**	**3,156**	**—**	**(15)**	**3,845**
Balance as of March 31, 2012	**¥(1,178)**	**¥(118,165)**	**¥(265,878)**	**¥ —**	**¥(17,569)**	**¥(402,790)**

	Millions of U.S. Dollars					
	Land and land improvements	Buildings including leasehold improvements	Machinery and equipment	Projects in progress	Mining rights	Total
Balance as of March 31, 2011	$(11)	$(1,433)	$(6,414)	$—	$(161)	$(8,019)
Deconsolidation of subsidiaries	**—**	**103**	**3,679**	**—**	**4**	**3,786**
Disposals or reclassification to assets classified as held for sale	**1**	**78**	**678**	**—**	**—**	**757**
Depreciation expenses	**—**	**(181)**	**(1,256)**	**—**	**(54)**	**(1,491)**
Impairment losses	**(6)**	**(27)**	**(4)**	**—**	**(7)**	**(44)**
Exchange differences on translating foreign operations	**(0)**	**11**	**36**	**—**	**4**	**51**
Others	**2**	**8**	**39**	**—**	**(0)**	**49**
Balance as of March 31, 2012	**$(14)**	**$(1,441)**	**$(3,242)**	**$—**	**$(214)**	**$(4,911)**

[Carrying amount]

	Land and land improvements	Buildings including leasehold improvements	Machinery and equipment	Projects in progress	Mining rights	Total
2012 (Millions of Yen)	**¥88,964**	**¥147,173**	**¥287,551**	**¥19,027**	**¥64,140**	**¥606,855**
2011 (Millions of Yen)	¥87,189	¥151,566	¥501,352	¥12,386	¥60,942	¥813,435
2012 (Millions of U.S. Dollars)	**$1,085**	**$1,795**	**$3,507**	**$232**	**$782**	**$7,401**

The losses recognized from impairment are included in “Impairment losses on long-lived assets” in the Consolidated statement of comprehensive income.

These impairment losses by operating segment for the years ended March 31, 2012 and 2011 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2012	2011	**2012**
Metal Products	**¥(1,199)**	¥ (191)	**$(15)**
Transportation & Construction Systems	**(660)**	(1,073)	**(8)**
Infrastructure	**—**	(1,734)	**—**
Media, Network & Lifestyle Retail	**(796)**	(797)	**(10)**
Mineral Resources, Energy, Chemical & Electronics	**(843)**	(1,331)	**(10)**
General Products & Real Estate	**(11)**	(22)	**(0)**
New Industry Development & Cross-function	**(19)**	(162)	**(0)**
Domestic Regional Business Units and Offices	**(4)**	(124)	**(0)**
Overseas Subsidiaries and Branches	**(54)**	(1,894)	**(1)**
Corporate and Eliminations	**(27)**	(7)	**(0)**
Total	**¥(3,613)**	¥(7,335)	**$(44)**

The carrying amounts of the assets held under finance leases (net of accumulated depreciation expenses and impairment losses) included in “Property, plant and equipment” as of March 31, 2012 and 2011 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2012	2011	**2012**
Buildings including leasehold improvements	**¥13,012**	¥14,453	**$159**
Machinery and equipment	**¥26,156**	¥27,447	**$319**

Depreciation expenses for property, plant and equipment are included in “Cost” and “Selling, general and administrative expenses” in the Consolidated statement of comprehensive income.

13. Intangible Assets

(1) Goodwill

Cost and accumulated impairment losses of goodwill for the years ended March 31, 2012 and 2011 are as follows:

[Cost]

	Millions of Yen		Millions of U.S. Dollars
	2012	2011	**2012**
Balance, beginning of year	**¥185,729**	¥186,610	**$2,265**
Acquisitions through business combinations	**21,323**	6,582	**261**
Deconsolidation of subsidiaries	**(37,138)**	—	**(453)**
Exchange differences on translating foreign operations and others	**(2,099)**	(7,463)	**(26)**
Balance, end of year	**¥167,815**	¥185,729	**$2,047**

[Accumulated impairment losses]

	Millions of Yen		Millions of U.S. Dollars
	2012	2011	**2012**
Balance, beginning of year	**¥(17,360)**	¥(16,743)	**$(212)**
Impairment losses	**(7,806)**	(1,904)	**(95)**
Deconsolidation of subsidiaries	**14,518**	—	**177**
Exchange differences on translating foreign operations and others	**265**	1,287	**3**
Balance, end of year	**¥(10,383)**	¥(17,360)	**$(127)**

Impairment losses recognized on goodwill for the years ended March 31, 2012 and 2011 were ¥7,806 million ($95 million) and ¥1,904 million, respectively, and were included in “Impairment losses on long-lived assets” in the Consolidated statement of comprehensive income. The impairment losses on goodwill recognized for the year ended March 31, 2012 mainly relate to losses on a CGU including goodwill in Corporate and Eliminations segment. The impairment losses on goodwill recognized for the year ended March 31, 2011 consists of mainly operation in the British North Sea oil field, and were included in Mineral Resources, Energy, Chemical & Electronics segment.

[Carrying amount]

	Carrying amount
2012 (Millions of Yen)	**¥157,432**
2011 (Millions of Yen)	¥168,369
2012 (Millions of U.S. Dollars)	**$1,920**

Goodwill is tested for impairment annually or more frequently when there are indicators of impairment.

The recoverable amount of goodwill for impairment test is calculated based on value in use.

Goodwill arising from business combination is allocated to each of the Companies’ CGU that is expected to benefit from the synergies of the business combination at the date of acquisition of the business.

The carrying amounts of goodwill by operating segments as of March 31, 2012 and 2011 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2012	2011	**2012**
Metal Products	**¥ 4,249**	¥ 5,704	**$ 52**
Transportation & Construction Systems	**2,157**	13,128	**26**
Media, Network & Lifestyle Retail	**94,407**	83,796	**1,151**
Mineral Resources, Energy, Chemical & Electronics	**7,363**	9,636	**90**
General Products & Real Estate	**15,634**	16,716	**191**
New Industry Development & Cross-function	**—**	83	**—**
Domestic Regional Business Units and Offices	**—**	519	**—**
Overseas Subsidiaries and Branches	**33,622**	38,787	**410**
Total	**¥157,432**	¥168,369	**$1,920**

Significant portions of goodwill included above as of March 31, 2012 and 2011 were related to that of Jupiter Shop Channel Co., Ltd. (Media, Network & Lifestyle Retail business unit) of ¥68,100 million ($830 million) and ¥68,100 million, of TBC Corporation (General Products & Real Estate segment and Overseas Subsidiaries and Branches) of ¥37,120 million ($453 million) and ¥38,053 million, respectively.

The value in use is the present value calculated by discounting the estimated cash flows based on the projection approved by management and a growth rate. The business plans are not longer than five years in principle, and reflect the management assessments of future industry trends and historical data based on the external and internal information. The growth rate used is determined by considering the long term average growth rate of the market or the country which the CGU belongs to. The growth rate used does not exceed the long term average growth rate of the market or country (domestic: approximately 0% or less, overseas: approximately 6% or less). The discount rate used is calculated based on the weighted average capital cost or capital cost of each CGU (domestic: approximately 5 to 6%, overseas: approximately 3 to 20%).

Management considers it is not likely that a significant impairment loss would be recognized even if key assumptions, in relation to Jupiter Shop Channel Co., Ltd. and TBC Corporation, vary in the range which is reasonably probable.

(2) Other Intangible Assets

Cost and accumulated depreciation and impairment losses of other intangible assets as of March 31, 2012 and 2011 are as follows:

[Cost]

	Millions of Yen			
	Software	Sales licenses, trademarks and customer relationships	Others	Total
Balance as of April 1, 2010	¥103,011	¥202,834	¥12,708	¥318,553
Acquisitions through business combinations	—	6,876	944	7,820
Separate acquisitions	9,275	—	86	9,361
Exchange differences on translating foreign operations and others	(5,143)	(7,503)	(5,338)	(17,984)
Balance as of March 31, 2011	107,143	202,207	8,400	317,750
Acquisitions through business combinations	**2,785**	**23,200**	**3,430**	**29,415**
Separate acquisitions	**10,863**	**—**	**302**	**11,165**
Deconsolidation of subsidiaries	**(9,232)**	**(25,350)**	**(192)**	**(34,774)**
Disposals	**(7,293)**	**(149)**	**(670)**	**(8,112)**
Exchange differences on translating foreign operations and others	**(1,505)**	**(2,383)**	**(968)**	**(4,856)**
Balance as of March 31, 2012	**¥102,761**	**¥197,525**	**¥10,302**	**¥310,588**

	Millions of U.S. Dollars			
	Software	Sales licenses, trademarks and customer relationships	Others	Total
Balance as of March 31, 2011	$1,307	$2,466	$102	$3,875
Acquisitions through business combinations	**34**	**283**	**42**	**359**
Separate acquisitions	**132**	**—**	**4**	**136**
Deconsolidation of subsidiaries	**(113)**	**(309)**	**(2)**	**(424)**
Disposals	**(89)**	**(2)**	**(8)**	**(99)**
Exchange differences on translating foreign operations and others	**(18)**	**(29)**	**(12)**	**(59)**
Balance as of March 31, 2012	**$1,253**	**$2,409**	**$126**	**$3,788**

[Accumulated amortization and impairment]

	Millions of Yen			
	Software	Sales licenses, trademarks and customer relationships	Others	Total
Balance as of April 1, 2010	¥(73,483)	¥(47,294)	¥(5,964)	¥(126,741)
Amortization expenses	(11,860)	(11,358)	(379)	(23,597)
Impairment losses	—	(373)	(102)	(475)
Exchange differences on translating foreign operations and others	7,248	2,860	3,579	13,687
Balance as of March 31, 2011	(78,095)	(56,165)	(2,866)	(137,126)
Disposals	**6,713**	**—**	**446**	**7,159**
Amortization expenses	**(13,295)**	**(13,802)**	**(576)**	**(27,673)**
Impairment losses	**—**	**(1,216)**	**—**	**(1,216)**
Deconsolidation of subsidiaries	**5,557**	**14,143**	**22**	**19,722**
Exchange differences on translating foreign operations and others	**918**	**1,402**	**412**	**2,732**
Balance as of March 31, 2012	**¥(78,202)**	**¥(55,638)**	**¥(2,562)**	**¥(136,402)**

	Millions of U.S. Dollars			
	Software	Sales licenses, trademarks and customer relationships	Others	Total
Balance as of March 31, 2011	$(952)	$(685)	$(35)	$(1,672)
Disposals	**81**	**—**	**6**	**87**
Amortization expenses	**(162)**	**(168)**	**(7)**	**(337)**
Impairment losses	**—**	**(15)**	**—**	**(15)**
Deconsolidation of subsidiaries	**68**	**172**	**0**	**240**
Exchange differences on translating foreign operations and others	**11**	**17**	**5**	**33**
Balance as of March 31, 2012	**$(954)**	**$(679)**	**$(31)**	**$(1,664)**

[Carrying amount]

	Software	Sales licenses, trademarks and customer relationships	Others	Total
2012 (Millions of Yen)	**¥24,559**	**¥141,887**	**¥7,740**	**¥174,186**
2011 (Millions of Yen)	¥29,048	¥146,042	¥5,534	¥180,624
2012 (Millions of U.S. Dollars)	**$299**	**$1,730**	**$95**	**$2,124**

Among sales licenses, trademarks and customer relationships, significant portions as of March 31, 2012 and 2011 were related to Jupiter Shop Channel Co., Ltd. of ¥68,012 million ($829 million; average remaining amortization period of 12 years) and ¥72,863 million and to TBC Corporation of ¥26,328 million ($321 million; average remaining amortization period of 19 years) and ¥28,251 million, respectively.

Intangible assets with finite useful lives are amortized over their useful lives.

Amortization expenses on intangible assets were recognized in “Cost” and “Selling, general and administrative expenses” in the Consolidated statement of comprehensive income.

Intangible assets with indefinite useful lives as of March 31, 2012 and 2011 included above were ¥15,583 million ($190 million) and ¥13,778 million, respectively, and consist mainly of trademarks. Those trademarks were acquired through business combinations which are expected to exist as long as business continues, therefore the management consider the useful lives for these as indefinite.

The carrying amount of Intangible assets leased under finance leases, net of accumulated amortization and impairment losses, as of March 31, 2012 and 2011 were ¥1,098 million ($13 million) and ¥4,550 million, respectively, and were included in Intangible assets, mainly software.

The internally generated intangible assets, net of accumulated amortization and impairment losses, as of March 31, 2012 and 2011 were ¥9,301 million ($113 million) and ¥8,167 million, respectively, and mainly were included in software.

14. Investment Property

Cost and accumulated depreciation and impairment losses of investment property as of March 31, 2012 and 2011 are as follows:

[Cost]

	Millions of Yen		Millions of U.S. Dollars
	2012	2011	**2012**
Balance, beginning of year	**¥311,737**	¥305,169	**$3,802**
Acquisitions	**6,014**	8,556	**73**
Acquisitions through business combinations	**1,746**	3,925	**21**
Disposals	**(28,672)**	(5,222)	**(350)**
Exchange differences on translating foreign operations	**(612)**	(4,308)	**(7)**
Reclassification	**(758)**	3,149	**(9)**
Others	**(1,301)**	468	**(16)**
Balance, end of year	**¥288,154**	¥311,737	**$3,514**

[Accumulated depreciation and impairment losses]

	Millions of Yen		Millions of U.S. Dollars
	2012	2011	**2012**
Balance, beginning of year	**¥(74,069)**	¥(60,873)	**$(903)**
Depreciation expenses	**(5,219)**	(5,748)	**(64)**
Impairment losses	**(707)**	(10,175)	**(9)**
Disposals	**5,552**	3,051	**68**
Exchange differences on translating foreign operations	**84**	674	**1**
Reclassification	**1,644**	—	**20**
Others	**124**	(998)	**2**
Balance, end of year	**¥(72,591)**	¥(74,069)	**$(885)**

Impairment losses recognized for the years ended March 31, 2012 and 2011 were ¥707 million ($9 million) and ¥10,175 million, respectively, and were included in "Impairment losses on long-lived assets" in the Consolidated statement of comprehensive income. Impairment losses for the year ended March 31, 2012 were recognized mainly in respect to retail facilities leased in Japan, and those impairment losses were recognized in the General Products & Real Estate segment.

Impairment losses for the year ended March 31, 2011 were recognized mainly in respect to the office buildings leased in Japan and those impairment losses were recognized in the General Products & Real Estate segment.

[Carrying amount and fair value]

	Carrying amount	Fair value
2012 (Millions of Yen)	**¥215,563**	**¥262,235**
2011 (Millions of Yen)	¥237,668	¥287,271
2012 (Millions of U.S. Dollars)	**$2,629**	**$3,198**

The fair value as of the end of each reporting period is based on a valuation conducted by independent valuation appraisers having current experience in the locations and categories of the investment property being valued and the appropriate and recognized professional qualifications, such as a registered appraiser. The valuation, which conforms to the standards of the country where the investment property is located, is based on market evidence of transaction prices for similar properties.

Rental income from investment property for the years ended March 31, 2012 and 2011 were ¥27,336 million ($333 million) and ¥28,326 million, respectively, and were reported in "Revenue" in the Consolidated statement of comprehensive income. Expenses directly attributable to generating rental income (including repairs and maintenances) for the years ended March 31, 2012 and 2011 were ¥17,642 million ($215 million) and ¥18,811 million, respectively, and were included mainly in "Cost."

15. Deferred Taxes

The tax effects of temporary differences that give rise to significant components of deferred tax assets and liabilities as of March 31, 2012 and 2011 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2012	2011	**2012**
Deferred tax assets:			
Net operating loss carry forwards	**¥ 55,892**	¥ 34,123	**$ 681**
Securities and other investments	**11,124**	26,565	**136**
Inventories and long-lived assets	**68,821**	68,341	**839**
Allowance for doubtful receivables	**14,738**	4,572	**180**
Retirement benefit plans	**15,282**	14,174	**186**
Others	**18,292**	21,681	**223**
Deferred tax assets total	**¥ 184,149**	¥ 169,456	**$ 2,245**
Deferred tax liabilities:			
Investments accounted for using the equity method	**¥ (38,272)**	¥ (53,827)	**$ (467)**
Securities and other investments	**(28,207)**	(33,563)	**(344)**
Deferred gain on sales of property for tax purposes	**(937)**	(17,114)	**(11)**
Long-lived assets	**(80,779)**	(94,234)	**(985)**
Others	**(11,076)**	(2,748)	**(135)**
Deferred tax liabilities total	**¥(159,271)**	¥(201,486)	**$(1,942)**

Deferred tax assets and liabilities reported in the Consolidated statement of financial position as of March 31, 2012 and 2011 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2012	2011	**2012**
Deferred tax assets	**¥102,023**	¥ 68,087	**$1,244**
Deferred tax liabilities	**(77,145)**	(100,117)	**(941)**

Changes in deferred tax assets and liabilities for the years ended March 31, 2012 and 2011 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2012	2011	**2012**
Net deferred tax assets (liabilities):			
Balance, beginning of year	**¥(32,030)**	¥(60,851)	**$(391)**
Cumulative effect of applying a new accounting policy			
Retained earnings	**—**	1,325	**—**
Other components of equity	**—**	(6,310)	**—**
Amount recognized in other comprehensive income:			
Exchange differences on translating foreign operations	**2,175**	(7,964)	**27**
Financial assets measured at FVTOCI	**6,023**	27,914	**73**
Cash-flow hedges	**(1,625)**	(3,278)	**(20)**
Actuarial (gains) losses on defined benefit pension plans	**2,377**	9,566	**29**
Share of other comprehensive income of investments accounted for using the equity method	**(58)**	53	**(1)**
Amount recognized in profit or loss	**5,475**	6,812	**67**
Effects of acquisitions and divestitures	**42,541**	703	**519**
Balance, end of year	**¥ 24,878**	¥(32,030)	**$303**

The amounts recognized in profit or loss for the years ended March 31, 2012 and 2011 principally arose from investments accounted for using the equity method and net operating loss carry forwards, respectively.

The Companies consider the probability that a portion of, or all of the future deductible temporary differences or operating loss carry forwards can be utilized against future taxable profits on recognition of deferred tax assets. In assessing the recoverability of deferred tax assets, the Companies consider the scheduled reversal of deferred tax liabilities, projected future taxable income and tax planning strategies. Based on the level of historical taxable profits and projected future taxable income during the periods in which deferred tax assets can be recognized, the Companies determined that it is probable that the tax benefits can be utilized. The amount of the deferred tax assets considered realizable could be reduced in the near term if estimates of future taxable income during the carryforward period are reduced. As a result of the assessment of the recoverability of deferred tax assets, the net change in deferred tax assets for the years ended March 31, 2012 and 2011 was an increase of ¥7,792 million ($95 million) and a decrease of ¥5,807 million, respectively.

Deferred tax assets were not recognized for certain tax losses and deductible temporary differences which relate principally to the net operating loss carry forwards of certain domestic subsidiaries. The Companies performed an analysis of each of these subsidiaries to assess their ability to realize such deferred tax assets and reduced the amount of those assets to the extent that the Companies believe it is not probable that tax benefits will be utilized. No deferred tax assets are recognized at certain domestic subsidiaries attributable to tax losses carry forwards and deductible temporary differences when it is not probable that future taxable profit will be available. The amounts of unused tax loss carry forwards and deductible temporary differences for which no deferred tax asset is recognized amounted to ¥154,976 million ($1,890 million) and ¥16,072 million ($196 million) as of March 31, 2012 and ¥24,993 million and ¥16,131 million as of March 31, 2011, respectively. The deductible temporary differences do not expire under current tax legislation.

In addition to the above, due to the enactment of the Minerals Resource Rent Tax ("MRRT") in Australia, the Companies estimated the fair value of certain mining assets for tax purposes as at May 1, 2010 in accordance with the legislation, and deductible temporary differences arose during the year ended March 31, 2012, which allows the companies to claim tax deductions against mining profit. No deferred tax assets were recognized for these deductible temporary differences as it is not probable that sufficient future mining profit will be available against which they can be utilized. The total amount of deductible temporary differences for which no deferred tax assets are recognized are estimated to be approximately ¥80 billion ($1 billion) as of March 31, 2012. However, as the estimate has been made based on the best information that is currently available, the fair value of the mining assets for tax purposes and the deductible temporary differences are subject to change when further information becomes available.

The tax losses for which deferred tax assets were not recognized as of March 31, 2012 and 2011 expire as follows:

	Millions of Yen		Millions of U.S. Dollars
	2012	2011	**2012**
1st year	**¥ 1,215**	¥ 2,497	**$ 15**
2nd year	**1,110**	542	**13**
3rd year	**1,686**	1,843	**21**
4th year	**4,702**	2,686	**57**
5th year and thereafter	**146,263**	17,425	**1,784**
Total	**¥154,976**	¥24,993	**$1,890**

As of March 31, 2012 and 2011, in principle, the Companies did not recognize a deferred tax liability on the taxable temporary differences associated with investments in subsidiaries because the Companies were in a position to control the timing of the reversal of the temporary differences and it was probable that such differences would not reverse in the foreseeable future. The amount of taxable temporary differences associated with investments in subsidiaries on which a deferred tax liability was not recognized in the accompanying consolidated financial statements as of March 31, 2012 and 2011 totaled to ¥767,164 million ($9,356 million) and ¥599,804 million, respectively.

Other current assets as of March 31, 2012 and 2011 included tax receivables of ¥14,123 million ($172 million) and ¥14,202 million, respectively.

16. Bonds and Borrowings

(1) Bonds and Borrowings

Details of the bonds and borrowings (non-current), and interest rates as of March 31, 2012 and 2011 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2012	2011	**2012**
Secured:			
Loans from banks and insurance companies, maturing serially through 2024, average interest rate 3.79%	**¥ 395,323**	¥ 368,004	**$ 4,821**
Bonds payable in Indonesian rupiah, maturing serially through 2014, average interest rate 10.59%	**26,666**	38,640	**325**
Unsecured:			
Loans from banks and insurance companies, maturing serially through 2032, average interest rate 1.14%	**2,508,372**	2,634,309	**30,590**
Bonds payable in Japanese yen due,			
2011, fixed rates 1.28%	**—**	20,079	**—**
2012, fixed and floating rates 1.07% to 1.54%	**20,027**	30,084	**244**
2013, fixed and floating rates 1.08% to 1.49%	**45,152**	45,372	**551**
2014, fixed and floating rates 1.51% to 1.90%	**40,672**	40,867	**496**
2015, floating rates 0.87%	**15,000**	15,000	**183**
2016, fixed rates 1.70% to 2.12%	**52,949**	53,062	**646**
2017, fixed and floating rates 1.73% to 1.98%	**20,773**	20,745	**253**
2018, fixed and floating rates 1.84% to 1.89%	**25,813**	25,728	**315**
2019, fixed rates 0.76% to 2.21%	**36,532**	21,136	**446**
2020, fixed rates 1.01% to 1.46%	**20,526**	19,921	**250**
2022, fixed rates 1.17% to 1.71%	**36,095**	20,394	**440**
2030, fixed rates 2.26%	**10,692**	10,159	**130**
2031, fixed rates 2.19%	**10,404**	9,856	**127**
Bonds payable in Japanese yen due 2013 with detachable warrants, floating rates 0.25%	**33,928**	—	**414**
Medium-term notes, maturing serially through 2021, average interest rate 0.67%	**49,790**	66,820	**607**
Various notes and bonds, maturing serially through 2012, average interest rate 0.88%	**3,061**	7,242	**37**
Subtotal	**3,351,775**	3,447,418	**40,875**
Less: Current maturities	**(370,227)**	(530,455)	**(4,515)**
Bonds and borrowings (non-current)	**¥2,981,548**	¥2,916,963	**$36,360**

Details of the bonds and borrowings (current) as of March 31, 2012 and 2011 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2012	2011	**2012**
Short-term loans, principally from banks	**¥163,430**	¥178,736	**$1,993**
Commercial paper	**98,610**	141,244	**1,203**
Total	**¥262,040**	¥319,980	**$3,196**

The differences between the balances stated above and the balances presented as “Bonds and borrowings” in Current liabilities of the Consolidated statement of financial position are the amounts of bonds and borrowings with current maturities.

The weighted average interest rates for short-term loans for the years ended March 31, 2012 and 2011 were 1.36 % and 1.76 %, respectively.

The weighted average interest rates for commercial paper for the years ended March 31, 2012 and 2011 were 0.53 % and 0.35 %, respectively.

The Companies have lines of credit agreements available for immediate borrowing with syndicates of domestic and foreign banks, in the amount of $1,200 million with foreign banks and ¥445,000 million ($5,427 million) with domestic banks. All these lines of credit were unused as of March 31, 2012.

Most short-term and long-term loans from banks contain certain covenants. The banks may, under certain conditions, require the Companies to provide collateral (or additional collateral) or guarantors.

The banks may treat any collateral as collateral for all indebtedness to the banks. Several of the loan agreements require maintenance of certain financial ratios and minimum levels of tangible net worth. Default provisions of certain agreements grant certain rights of possession to the banks. The borrower may be required to make early repayments of outstanding amounts under some agreements, principally with government-owned financial institutions, if the lender concludes that the borrower is able to repay the outstanding amount through improved earnings or from the proceeds of an equity or debt offering, and makes such a prepayment request. Certain agreements provide that the banks may require the borrower to obtain bank approval prior to presenting proposals for the payment of dividends and other appropriations of earnings at the general meeting of shareholders. The Companies have not been asked to make any prepayments for the years ended March 31, 2012 and 2011, and currently do not anticipate any prepayment requests.

The Companies have been in compliance with all of the bonds and borrowing obligations covenants for the years ended March 31, 2012 and 2011.

(2) Assets Pledged as Security

Assets pledged to secure bonds and debt including borrowings as of March 31, 2012 and 2011 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2012	2011	**2012**
Cash and deposits	**¥ 57,233**	¥ 17,627	**$ 698**
Marketable securities and investments	**86,001**	31,301	**1,049**
Trade and other receivables	**498,188**	474,638	**6,075**
Inventories	**8,064**	14,255	**98**
Property, plant and equipment (Carrying amount)	**70,659**	79,713	**862**
Investment property (Carrying amount)	**24,398**	23,592	**298**
Total	**¥744,543**	¥641,126	**$9,080**

The corresponding liabilities as of March 31, 2012 and 2011 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2012	2011	**2012**
Bonds, borrowings and other	**¥579,528**	¥495,084	**$7,067**

In addition to the above, marketable securities and investments of ¥5,937 million ($72 million) were pledged in lieu of a monetary deposit as of March 31, 2012.

Trust receipts issued under customary import financing arrangements give recipient banks a security interest in the merchandise imported and/or the accounts receivable or sales proceeds resulting from the sale of such merchandise. The Companies repay the related notes and acceptances payable at the maturity dates without applying the sales proceeds to specific notes or acceptances. The large volume of transactions makes it impracticable to determine the aggregate amounts of assets covered by outstanding trust receipts.

17. Trade and Other Payables

The components of Trade and other payables as of March 31, 2012 and 2011 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2012	2011	**2012**
Notes payable	**¥ 60,854**	¥ 50,852	**$ 742**
Accounts payable	**905,625**	905,700	**11,044**
Payables to equity-accounted investees	**36,602**	34,060	**447**
Finance lease obligations	**51,823**	59,238	**632**
Other payables	**156,123**	94,383	**1,904**
Trade and other payables	**¥1,211,027**	¥1,144,233	**$14,769**

The amount of Trade and other payables above includes financial liabilities measured at FVTPL of ¥62,847 million ($766 million) and ¥64,452 million as of March 31, 2012 and 2011, respectively.

Payables to equity-accounted investees above includes finance lease obligations of ¥7,759 million ($95 million) and ¥6,720 million as of March 31, 2012 and 2011, respectively.

Trade and other payables in the Consolidated statement of financial position as of March 31, 2012 and 2011 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2012	2011	**2012**
Current liabilities	**¥1,102,326**	¥1,026,160	**$13,443**
Non-current liabilities	**108,701**	118,073	**1,326**
Total	**¥1,211,027**	¥1,144,233	**$14,769**

18. Provisions

The change in Provisions for the year ended March 31, 2012 is as follows:

	Millions of Yen			
	Asset retirement obligations	Employee benefits	Other provisions	Total
Balance, beginning of year	**¥14,125**	**¥2,276**	**¥ 6,898**	**¥23,299**
Provisions made	**2,982**	**55**	**10,579**	**13,616**
Provisions used	**(244)**	**—**	**(2,216)**	**(2,460)**
Accretion expense	**368**	**—**	**—**	**368**
Others	**(1,181)**	**(770)**	**(1,699)**	**(3,650)**
Balance, end of year	**¥16,050**	**¥1,561**	**¥13,562**	**¥31,173**

	Millions of U.S. Dollars			
	Asset retirement obligations	Employee benefits	Other provisions	Total
Balance, beginning of year	**$172**	**$ 28**	**$ 84**	**$284**
Provisions made	**36**	**1**	**129**	**166**
Provisions used	**(3)**	**—**	**(27)**	**(30)**
Accretion expense	**4**	**—**	**—**	**4**
Others	**(13)**	**(10)**	**(21)**	**(44)**
Balance, end of year	**$196**	**$ 19**	**$165**	**$380**

Provisions in the Consolidated statement of financial position as of March 31, 2012 and 2011 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2012	2011	**2012**
Current	**¥ 8,376**	¥ 5,925	**$102**
Non-current	**22,797**	17,374	**278**
Total	**¥31,173**	¥23,299	**$380**

Asset retirement obligations are principally related to the dismantlement costs of oil or coal exploration installations.

The provision for employee benefits mainly represents long service leave entitlements accrued and other provisions primarily consist of the provision for warranties and cancellation.

19. Employee Benefits

(1) Post-employment benefit

The Company has non-contributory defined benefit pension plans and lump-sum retirement benefit plans covering substantially all employees other than directors and executive officers. The plans provide benefits based upon years of service, compensation at the time of severance, and other factors.

Most of the subsidiaries have unfunded retirement benefit plans and/or funded pension plans. Employees, other than directors, are entitled to, under most circumstances, upon mandatory retirement at normal retirement age or earlier termination of employment, a lump-sum retirement benefit based on the compensation at the time of retirement, years of service and other factors. Certain subsidiaries have defined contribution retirement benefit plans.

The Companies' pension and retirement benefits expense for the years ended March 31, 2012 and 2011 is as follows:

	Millions of Yen		Millions of U.S. Dollars
	2012	2011	**2012**
Defined contribution plans	**¥ (3,061)**	¥ (2,537)	**$ (37)**
Defined benefit plans	**(9,147)**	(11,726)	**(112)**
Total	**¥(12,208)**	¥(14,263)	**$(149)**

The Companies' pension and retirement benefits expense is included in "Cost" or "Selling, general and administrative expenses" in the Consolidated statement of comprehensive income.

Amounts recognized in profit or loss in respect of the Companies' defined benefit plans for the years ended March 31, 2012 and 2011 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2012	2011	**2012**
Service cost	**¥(8,874)**	¥ (8,011)	**$(108)**
Interest on obligation	**(5,554)**	(5,090)	**(68)**
Expected return on plan assets	**5,733**	4,737	**70**
Past service cost	**(986)**	(3,362)	**(12)**
Gain on settlements and curtailments	**534**	—	**6**
Total	**¥(9,147)**	¥(11,726)	**$(112)**

Of the total expense for the year ended March 31, 2012 and 2011, ¥(2,496) million ($(31) million) and ¥(1,195) million were included in "Cost" and ¥(6,651) million ($(81) million) and ¥(10,531) million in "Selling, general and administrative expenses," respectively.

The total amount of actuarial gains (losses) recognized in other comprehensive income for the years ended March 31, 2012 and 2011 are as follows:

	Millions of Yen	Millions of U.S. Dollars
	Actuarial gains (losses)	Actuarial gains (losses)
Cumulative amount of actuarial gains (losses) as of March 31, 2010	¥ 29,889	$ 364
Amounts recognized for the year ended March 31, 2011	(23,492)	(286)
Cumulative amount of actuarial gains (losses) as of March 31, 2011	6,397	78
Amounts recognized for the year ended March 31, 2012	**(14,422)**	**(176)**
Cumulative amount of actuarial gains (losses) as of March 31, 2012	**¥ (8,025)**	**$ (98)**

Changes in the present value of the defined benefit obligation and changes in the fair value of the plan assets for the years ended March 31, 2012 and 2011 are as follows:

[Changes in the defined benefit obligation]

	Millions of Yen		Millions of U.S. Dollars
	2012	2011	**2012**
Balance, beginning of year	**¥(216,135)**	¥(193,373)	**$(2,636)**
Service cost	**(8,874)**	(8,011)	**(108)**
Interest on obligation	**(5,554)**	(5,090)	**(68)**
Plan amendments	**(986)**	(3,362)	**(12)**
Acquisitions and deconsolidation	**(23,534)**	(82)	**(287)**
Actuarial (losses) gains	**(9,447)**	(16,591)	**(115)**
Benefits paid	**11,185**	9,287	**136**
Exchange differences on translating foreign operations	**358**	1,087	**4**
Curtailments and settlements	**545**	—	**7**
Balance, end of year	**¥(252,442)**	¥(216,135)	**$(3,079)**

[Changes in the plan assets]

	Millions of Yen		Millions of U.S. Dollars
	2012	2011	**2012**
Balance, beginning of year	**¥220,320**	¥217,969	**$2,687**
Expected return on plan assets	**5,733**	4,737	**70**
Actuarial (losses) gains	**(4,975)**	(6,901)	**(61)**
Acquisitions and deconsolidation	**22,126**	—	**270**
Contributions by the employer	**10,223**	13,666	**124**
Benefits paid	**(9,931)**	(8,287)	**(121)**
Exchange differences on translating foreign operations	**(102)**	(864)	**(1)**
Balance, end of year	**¥243,394**	¥220,320	**$2,968**

The amount included in the Consolidated statement of financial position arising from the Companies' obligations in respect of its defined benefit plans as of March 31, 2012 and 2011 are as follows:

	Millions of Yen			Millions of U.S. Dollars
	2012	2011	2010	**2012**
Present value of defined benefit obligation (funded)	**¥(244,467)**	¥(208,698)	¥(187,726)	**$(2,982)**
Fair value of plan assets	**243,394**	220,320	217,969	**2,968**
Funded status	**(1,073)**	11,622	30,243	**(14)**
Present value of defined benefit obligation (unfunded)	**(7,975)**	(7,437)	(5,647)	**(97)**
Net asset (liability) arising from defined benefit obligation	**¥ (9,048)**	¥ 4,185	¥ 24,596	**$ (111)**
Experience adjustments on defined benefit obligation	**¥ (9,447)**	¥ (16,591)	¥ 3,894	**$ (115)**
Experience adjustments on plan assets	**¥ (4,975)**	¥ (6,901)	¥ 25,995	**$ (61)**

The measurement dates used to determine the benefit obligations are mainly March 31 of each year.

The Companies' funding policy is based on a number of factors including the tax deductibility of contributions, funded status, actuarial calculations and other considerations. Contributions are intended to provide not only for benefits attributable to service to date, but also for those expected to be earned in the future. In addition, the Company may contribute certain marketable equity securities, or cash to an employee retirement benefit trust for funding deficit in benefit obligations at the fiscal year end.

The Companies' investment policies are designed to increase the value of plan assets within adequate risk levels to ensure payments of pension benefits to eligible participants, including future participants. Taking into account the expected long-term rate of return on plan assets and risk thereon, the Companies formulate the strategic asset mix which aims at the optimal portfolio on a long-term basis and supervise asset management by selecting investment managers, reviewing the financial position periodically, setting long-term strategic targets and monitoring asset allocations. The strategic asset mix is subject to review in response to changes in expected market conditions or funded status. The strategic asset mix is not based on limitations but guidelines, and therefore, the actual allocation may temporarily exceed or fall below the guidelines.

The Companies' target allocation is 34% equity securities, 52% debt securities, and 14% other.

The major categories of plan assets as of March 31, 2012 and 2011 are as follows:

	%	
Categories of plan assets	**2012**	2011
Equity securities	**31**	42
Debt securities	**45**	40
Others*	**24**	18
Total	**100**	100

* Others include mainly cash, alternative investments and life insurance company general accounts.

Principal assumptions used in the actuarial valuations for the years ended March 31, 2012 and 2011 are as follows:

	%	
	2012	2011
Discount rates as of March 31	**1.9**	2.1
Expected long-term rates of return on plan assets as of April 1	**2.4**	2.2
The expected rate of salary increase	**2.9**	2.8

The Companies' expected long-term rate of return on plan assets assumption is derived from a detailed study that includes a review of the asset allocation strategy, anticipated future long-term performance of individual asset classes, risks and correlations for each of the asset classes that comprise the funds' asset mix. The actual return on plan assets for the years ended March 31, 2012 and 2011 were ¥758 million ($9 million) and ¥(2,164) million, respectively.

The employer's contributions expected to be paid for the year ending March 31, 2013 are ¥14,937 million ($182 million).

In addition to lump-sum retirement benefit plans or retirement benefit pension plans, certain domestic subsidiaries participate in multi-employer defined benefit plans, and recognize the payments made during the fiscal year as an expense and contribution payable as a liability. The subsidiaries recognized an expense pertaining to these plans for the years ended March 31, 2012 and 2011 of ¥1,519 million ($19 million) and ¥2,154 million, respectively.

(2) Employee Benefits Expense

The employee benefits expense included in "Cost" for the years ended March 31, 2012 and 2011 was ¥72,061 million ($879 million) and ¥47,647 million, respectively.

20. Common Stock

The numbers of shares authorized and issued as of March 31, 2012 and 2011 are as follows:

	2012 **Number of shares**	2011 Number of shares
Authorized:		
Ordinary shares	**2,000,000,000**	2,000,000,000
Issued:		
Balance, beginning of year	**1,250,602,867**	1,250,602,867
Adjustment for the year	**—**	—
Balance, end of year	**1,250,602,867**	1,250,602,867

The number of shares of treasury stock as of March 31, 2012 and 2011 included in the number of shares issued shown above were 472,515 shares and 537,680 shares, respectively.

21. Reserves

(1) Additional Paid-in Capital

Under the Company Law of Japan ("the Company Law"), at least 50% of the proceeds of certain issues of common shares shall be credited to Common stock. The remainder of the proceeds shall be credited to Additional paid-in capital. The Company Law permits, upon approval at the general meeting of shareholders, the transfer of amounts from Additional paid-in capital to Common stock.

(2) Retained Earnings

The Company Law provides that a 10% dividend of retained earnings shall be appropriated as additional paid-in capital or as a legal reserve until the aggregate amount of the additional paid-in capital and the legal reserve equals 25% of common stock. The legal reserve may be used to eliminate or reduce a deficit or be transferred to retained earnings upon approval at the general meeting of shareholders.

Retained earnings available for dividends under the Company Law is based on the amount recorded in the Company's general accounting records maintained in accordance with accounting principles generally accepted in Japan.

The Company Law limits the amount of retained earnings available for dividends. Retained earnings of ¥344,683 million ($4,203million) and ¥325,723 million, shown by the Company's accounting records for the years ended March 31, 2012 and 2011, respectively, were not restricted by the limitations under the Company Law.

22. Other Components of Equity and Other Comprehensive Income (Loss)

The changes in Other components of equity for the years ended March 31, 2012 and 2011 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2012	2011	**2012**
Exchange differences on translating foreign operations			
Balance, beginning of year	**¥ (47,608)**	¥ 37,471	**$ (580)**
Adjustment for the year	**(64,444)**	(85,079)	**(786)**
Balance, end of year	**¥(112,052)**	¥ (47,608)	**$(1,366)**
Financial assets measured at FVTOCI			
Balance, beginning of year	**¥ 53,747**	¥ 87,061	**$ 655**
Cumulative effect of applying a new accounting policy	**—**	8,254	**—**
Adjustment for the year	**3,793**	(38,575)	**46**
Transfer to retained earnings	**384**	(2,993)	**5**
Balance, end of year	**¥ 57,924**	¥ 53,747	**$ 706**
Cash-flow hedges			
Balance, beginning of year	**¥ (10,958)**	¥ (14,603)	**$ (134)**
Adjustment for the year	**2,079**	3,645	**26**
Balance, end of year	**¥ (8,879)**	¥ (10,958)	**$ (108)**
Actuarial gains (losses) on defined benefit pension plans			
Balance, beginning of year	**¥ —**	¥ —	**$ —**
Adjustment for the year	**(12,064)**	(13,825)	**(147)**
Transfer to retained earnings	**12,064**	13,825	**147**
Balance, end of year	**¥ —**	¥ —	**$ —**
Other components of equity			
Balance, beginning of year	**¥ (4,819)**	¥ 109,929	**$ (59)**
Cumulative effect of applying a new accounting policy	**—**	8,254	**—**
Adjustment for the year	**(70,636)**	(133,834)	**(861)**
Transfer to retained earnings	**12,448**	10,832	**152**
Balance, end of year	**¥ (63,007)**	¥ (4,819)	**$ (768)**

The following table provides each component of Other comprehensive income (loss) included in Non-controlling interests for the years ended March 31, 2012 and 2011.

	Millions of Yen		Millions of U.S. Dollars
	2012	2011	**2012**
Exchange differences on translating foreign operations	**¥(3,021)**	¥(2,598)	**$(37)**
Financial assets measured at FVTOCI	**(496)**	(216)	**(7)**
Cash-flow hedges	**78**	179	**1**
Actuarial gains (losses) of defined benefit pension plans	**—**	(110)	**—**
Other comprehensive income (loss)	**¥(3,439)**	¥(2,745)	**$(43)**

The following table provides an analysis of each component of other comprehensive income (loss) and related tax effects (including those on Non-controlling interests) for the years ended March 31, 2012 and 2011.

	Millions of Yen		
2012	Pretax amount	Tax (expense) or benefit	Net-of-tax amount
Exchange differences on translating foreign operations:			
Aggregated adjustment during the year resulting from translation of foreign currency financial statements	**¥(72,052)**	**¥ (772)**	**¥(72,824)**
Reclassification to profit or loss for the year	**2,412**	**2,947**	**5,359**
Adjustment for the year	**(69,640)**	**2,175**	**(67,465)**
Financial assets measured at FVTOCI:			
Gains (losses) recorded in other comprehensive income during the year	**(7,375)**	**6,023**	**(1,352)**
Adjustment for the year	**(7,375)**	**6,023**	**(1,352)**
Cash-flow hedges:			
Unrealized gains (losses) arising during the year	**(5,533)**	**949**	**(4,584)**
Reclassification to profit or loss for the year	**9,163**	**(2,574)**	**6,589**
Adjustment for the year	**3,630**	**(1,625)**	**2,005**
Actuarial gains (losses) of defined benefit pension plans:			
Unrealized gains (losses) arising during the year	**(14,422)**	**2,377**	**(12,045)**
Adjustment for the year	**(14,422)**	**2,377**	**(12,045)**
Shares of other comprehensive income of investments accounted for using the equity method:			
Unrealized gains (losses) arising during the year	**(2,199)**	**(58)**	**(2,257)**
Reclassification to profit or loss for the year	**7,039**	**—**	**7,039**
Adjustment for the year	**4,840**	**(58)**	**4,782**
Total other comprehensive income (loss)	**¥(82,967)**	**¥ 8,892**	**¥(74,075)**

	Millions of Yen		
2011	Pretax amount	Tax (expense) or benefit	Net-of-tax amount
Exchange differences on translating foreign operations:			
Aggregated adjustment during the year resulting from translation of foreign currency financial statements	¥ (79,566)	¥ (8,024)	¥ (87,590)
Reclassification to profit or loss for the year	(147)	60	(87)
Adjustment for the year	(79,713)	(7,964)	(87,677)
Financial assets measured at FVTOCI:			
Gains (losses) recorded in other comprehensive income during the year	(67,379)	27,914	(39,465)
Adjustment for the year	(67,379)	27,914	(39,465)
Cash-flow hedges:			
Unrealized gains (losses) arising during the year	(6,209)	1,571	(4,638)
Reclassification to profit or loss for the year	14,388	(4,849)	9,539
Adjustment for the year	8,179	(3,278)	4,901
Actuarial gains (losses) of defined benefit pension plans:			
Unrealized gains (losses) arising during the year	(23,492)	9,566	(13,926)
Adjustment for the year	(23,492)	9,566	(13,926)
Shares of other comprehensive income of investments accounted for using the equity method:			
Unrealized gains (losses) arising during the year	(3,101)	53	(3,048)
Reclassification to profit or loss for the year	2,636	—	2,636
Adjustment for the year	(465)	53	(412)
Total other comprehensive income (loss)	¥(162,870)	¥26,291	¥(136,579)

2012	Millions of U.S. Dollars Pretax amount	Tax (expense) or benefit	Net-of-tax amount
Exchange differences on translating foreign operations:			
Aggregated adjustment during the year resulting from translation of foreign currency financial statements	**$ (879)**	**$ (9)**	**$(888)**
Reclassification to profit or loss for the year	**29**	**36**	**65**
Adjustment for the year	**(850)**	**27**	**(823)**
Financial assets measured at FVTOCI:			
Gains (losses) recorded in other comprehensive income during the year	**(89)**	**73**	**(16)**
Adjustment for the year	**(89)**	**73**	**(16)**
Cash-flow hedges:			
Unrealized gains (losses) arising during the year	**(67)**	**11**	**(56)**
Reclassification to profit or loss for the year	**111**	**(31)**	**80**
Adjustment for the year	**44**	**(20)**	**24**
Actuarial gains (losses) of defined benefit pension plans:			
Unrealized gains (losses) arising during the year	**(176)**	**29**	**(147)**
Adjustment for the year	**(176)**	**29**	**(147)**
Shares of other comprehensive income of investments accounted for using the equity method:			
Unrealized gains (losses) arising during the year	**(27)**	**(1)**	**(28)**
Reclassification to profit or loss for the year	**86**	**—**	**86**
Adjustment for the year	**59**	**(1)**	**58**
Total other comprehensive income (loss)	**$(1,012)**	**$108**	**$(904)**

23. Dividends

(1) Dividends paid during the years ended March 31, 2012 and 2011 are as follows:

Resolution	Class of shares	Amount of dividends Millions of Yen (Millions of U.S. Dollars)	Dividends per share Yen (U.S. Dollars)	Record date	Effective date
Ordinary general meeting of shareholders held on June 22, 2010	Ordinary shares	¥18,751	¥15	March 31, 2010	June 23, 2010
Board of Directors' meeting held on October 29, 2010	Ordinary shares	¥20,001	¥16	September 30, 2010	December 1, 2010
Ordinary general meeting of shareholders held on June 24, 2011	Ordinary shares	¥25,001 ($305)	¥20 ($0.24)	March 31, 2011	June 27, 2011
Board of Directors' meeting held on November 2, 2011	Ordinary shares	¥30,002 ($366)	¥24 ($0.29)	September 30, 2011	December 1, 2011

(2) Dividends whose record date is in the current fiscal year but whose effective date is in the following fiscal year are as follows:

Resolution	Class of shares	Amount of dividends Millions of Yen (Millions of U.S. Dollars)	Source of dividends	Dividends per share Yen (U.S. Dollars)	Record date	Effective date
Ordinary general meeting of shareholders held on June 22, 2012	Ordinary shares	¥32,503 ($396)	Retained earnings	¥26 ($0.32)	March 31, 2012	June 25, 2012

24. Share-based Payments

Information relating to the Company's share-based payments is as follows:

Stock option plan

The Company has stock option plans for directors, executive officers, and corporate officers under the Company's qualification system. Under the plans, each stock option granted after August 1, 2006 entitles the recipient to acquire 100 shares of common stock at an exercise price equal to the greater of (i) 105% of the average closing market price of the Company's common stock on the Tokyo Stock Exchange for the calendar month before the grant date (excluding days when there are no transactions), or (ii) the closing market price of the Company's common stock on the Tokyo Stock Exchange on the grant date (or the closing market price on the day immediately preceding that date, if there are no transactions on that date). Each stock option granted prior to July 31, 2006 entitles the recipient to acquire 1,000 shares of common stock under the same conditions described above.

The options vest 100% at the grant date. The options granted are exercisable beginning April 1 of the fiscal year after the fiscal year in which they are granted. They are exercisable for four years and three months from that date.

On May 17, 2011, the Board of Directors, and on June 24, 2011, the ordinary general meeting of shareholders, the issue of new stock options for up to 200,000 shares of common stock was authorized. The options for 200,000 shares were granted under these authorizations. On May 16, 2012, the Board of Directors, and on June 22, 2012 the ordinary general meeting of shareholders, the issue of new stock options for up to 211,000 shares of common stock was authorized.

The Company's stock option activities for the years ended March 31, 2012 and 2011 are as follows:

	2012			2011	
		Weighted average exercise price			Weighted average exercise price
	Number of shares	Yen	U.S. Dollars	Number of shares	Yen
Outstanding, beginning of year	**731,000**	**¥1,430**	**$17**	594,000	¥1,577
Granted	**200,000**	**1,109**	**14**	212,000	1,004
Exercised	**47,000**	**1,056**	**13**	12,000	1,024
Cancelled or expired	**229,000**	**1,521**	**19**	63,000	1,461
Outstanding, end of year	**655,000**	**1,327**	**16**	731,000	1,430
Options exercisable, end of year	**456,000**	**¥1,422**	**$17**	525,000	¥1,597

Stock options outstanding and exercisable as of March 31, 2012 are as follows:

	2012						
	Outstanding				Exercisable		
Exercise price range		Weighted average exercise price		Weighted average remaining life		Weighted average exercise price	
Yen	Number of shares	Yen	U.S. Dollars	in years	Number of shares	Yen	U.S. Dollars
¥1,001–1,200	**456,000**	**¥1,062**	**$13**	**3.47**	**257,000**	**¥1,026**	**$13**
1,401–1,600	**109,000**	**1,537**	**19**	**1.25**	**109,000**	**1,537**	**19**
2,401–2,600	**90,000**	**2,415**	**29**	**0.25**	**90,000**	**2,415**	**29**
	655,000	**¥1,327**	**$16**	**2.66**	**456,000**	**¥1,422**	**$17**

The weighted-average fair value of these stock options was estimated using the Black-Scholes option pricing model with the following assumptions:

	2012	2011
Expected life (year)	**4.5**	4.5
Risk-free rate (%)	**0.31**	0.30
Expected volatility (%)	**39.74**	40.14
Expected dividend yield (%)	**2.52**	2.19

The Company has stock-linked compensation plans for directors and executive officers. Under the plans, each stock option granted after August 1, 2006 entitles the recipient to acquire 100 shares of common stock at an exercise price equal to ¥1 ($0.01) per share. Each stock option granted prior to July 31, 2006 entitles the recipient to acquire 1,000 shares of common stock at an exercise price equal to ¥1 per share.

The options vest 100% at the grant date. The options granted are exercisable beginning the day after leaving their positions as both director and executive officer of the Company. The options are exercisable for ten years from that date.

On May 17, 2011, the Board of Directors, and June 24, 2011, the ordinary general meeting of shareholders, the issue of new stock options under these stock-linked compensation plans for up to 340,000 shares of common stock was authorized. Options for 202,400 shares were granted under these authorizations. On May 16, 2012, the Board of Directors, and June 22, 2012, the ordinary general meeting of shareholders, the issue of new stock options for up to 340,000 shares of common stock based on the plans was authorized.

The Company's stock-linked compensation plans for the years ended March 31, 2012 and 2011 are as follows:

	2012	2011
	Number of shares	Number of shares
Outstanding, beginning of year	**670,400**	460,500
Granted	**202,400**	217,200
Exercised	**21,400**	7,300
Cancelled or expired	**—**	—
Outstanding, end of year	**851,400**	670,400
Options exercisable, end of year	**150,300**	90,600

The weighted-average fair value of these stock-linked compensation plans was estimated using the Black-Scholes option pricing model with the following assumptions:

	2012	2011
Expected life (year)	**2.45**	2.61
Risk-free rate (%)	**0.17**	0.15
Expected volatility (%)	**30.33**	45.77
Expected dividend yield (%)	**3.03**	2.97

Compensation expense incurred on the stock option plans and the stock-linked compensation plans for the years ended March 31, 2012 and 2011 was ¥256 million ($3 million) and ¥234 million, respectively.

25. Financial Instruments and Related Disclosures

(1) Capital Management

The fundamental principles of the Companies' capital management are to maintain an appropriate level of capital and debt and equity balance to manage business risk for the purpose of maintaining management soundness and efficiency and to promote continuous growth.

The key metrics used for capital management are as follows:

- balance between risk-adjusted assets *1 and equity; and
- times of interest-bearing liabilities (net) *2 to equity (Debt-equity ratio (net))

*1 Risk-adjusted assets refers to the maximum loss exposure and is calculated by assigning assets including Trade and other receivables, Inventories, Fixed Assets and Investments risk weights, which the Companies have determined individually in accordance with the potential risk of loss, and adding derivatives and the loss exposure related to Commitments and contingent liabilities. The maximum loss exposure is measured statistically under the variability of the market values of the assets for each related business and are calculated based on a number of subjective judgments, estimates and assumptions concerning the all-around economic circumstances and tendencies of the industry.

*2 Interest-bearing liabilities (net) is total debt less the amount of cash and cash equivalents and time deposits.

Management monitors the strategies for profits and investments and the metrics at the timing of planning and reviewing the medium-term management plan.

As "Equity attributable to owners of the parent" is directly affected by the market conditions of foreign exchange rates and stock prices, the Company hedges against the exchange rate risks of major investments denominated in foreign currencies and reviews stock holdings in a timely manner, in order to minimize the influence of changes in foreign exchange rates and stock prices upon "Equity attributable to owners of the parent."

The Company is not subject to any externally imposed capital requirements (except for general requirements, such as those in the Company Law).

(2) Financial Risk Management Policy

The Companies operate internationally, exposing them to the risk of changes in foreign exchange rates, interest rates and commodity prices. Derivative financial instruments are comprised principally of foreign exchange contracts, foreign currency swaps, interest rate swaps and commodity future contracts utilized by the Company and certain of its subsidiaries to reduce these risks. The Companies assess foreign currency exchange rate risk, interest rate risk and commodity price risk by continuously monitoring changes in these exposures and by evaluating hedging opportunities. The Companies hold or issue commodity derivatives for trading purposes. The Companies are also exposed to credit-related losses in the event of non-performance by counterparties to financial assets, but it is not expected that any counterparties will fail to meet their obligations, because most of the counterparties are internationally recognized financial institutions and the contracts are diversified across a number of major financial institutions. The Companies' basic policy for fund raising activities is to secure stable, medium- to long-term funds and liquidity for our operations.

1. Foreign currency exchange rate risk management

The Companies operate internationally and are exposed to foreign currency risks related to purchasing, selling, financing and investing in currencies other than the local currencies in which the Companies operate. The Companies' strategy to manage foreign currency risks is mainly to preserve the economic value of cash flows in non-functional currencies by using foreign exchange forward contracts, foreign currency swaps, after considering the net effect of offsetting foreign currency exposures on recognized assets, liabilities and unrecognized firm commitments.

The net exposures to foreign currency risk as of March 31, 2012 and 2011 are as follows:

	2012					
	U.S. Dollars	G.B. Pounds	Chinese Yuan	Euro	Others	Total
Recurring positions:						
Millions of Yen	**3,367**	**719**	**9,213**	**(1,046)**	**15,435**	**27,688**
Thousands of local currency	**40,967**	**5,474**	**705,442**	**(9,524)**	**—**	**—**
Non-recurring positions:						
Millions of Yen	**7,007**	**499**	**2,391**	**750**	**20,165**	**30,812**
Thousands of local currency	**85,250**	**3,798**	**183,110**	**6,826**	**—**	**—**

	2011					
	U.S. Dollars	G.B. Pounds	Chinese Yuan	Euro	Others	Total
Recurring positions:						
Millions of Yen	7,305	377	9,581	(786)	25,316	41,793
Thousands of local currency	87,848	2,816	754,517	(6,682)	—	—
Non-recurring positions:						
Millions of Yen	10,839	482	2,331	2,243	27,430	43,325
Thousands of local currency	130,361	3,600	183,597	19,081	—	—

*1 The foreign exchange gains or losses on recurring positions are recognized in profit or loss.
Recurring positions are the risk exposures arising from foreign currency trade receivables and payables, future contracts for sale and purchase transactions, derivatives and others.
The foreign exchange gains or losses on non-recurring positions are recognized in other comprehensive income. Non-recurring positions are the risk exposures arising from foreign currency investments (excluding investments in foreign operations) and others.
*2 The positive balance represents a receivable position and the negative balance represents a payable position.

(a) Foreign currency sensitivity analysis

The following table represents the Companies' sensitivity analysis for foreign currency risk exposures. The analysis shows the hypothetical impact on profit before tax in the Consolidated statement of comprehensive income that would result from a 1% appreciation of the Yen against all foreign currencies for the recurring positions at the end of the year. The analysis is based on the assumption that other factors such as the outstanding balance and interest rates are constant.

	Millions of Yen		Millions of U.S. Dollars
	2012	2011	**2012**
Profit before tax	**¥(277)**	¥(418)	**$(3)**

(b) Forward foreign exchange contracts

Forward foreign exchange contracts outstanding as of March 31, 2012 and 2011 are mainly as follows:

2012	Average exchange rate Yen	Foreign currency Thousands of local currency	Notional amount Millions of Yen	Fair value Millions of Yen
Buy U.S. Dollar/Sell Japanese Yen				
Due in one year or less	**¥81.19**	**$3,743,220**	**¥303,900**	**¥3,396**
Due after one year	**82.09**	**343,100**	**28,165**	**(555)**
Buy Japanese Yen/Sell U.S. Dollar				
Due in one year or less	**80.39**	**3,548,169**	**285,227**	**(6,135)**
Due after one year	**79.13**	**242,642**	**19,201**	**(480)**

2011	Average exchange rate Yen	Foreign currency Thousands of local currency	Notional amount Millions of Yen	Fair value Millions of Yen
Buy U.S. Dollar/Sell Japanese Yen				
Due in one year or less	¥84.87	$2,907,759	¥246,790	¥(5,274)
Due after one year	85.90	582,137	50,007	(3,306)
Buy Japanese Yen/Sell U.S. Dollar				
Due in one year or less	82.47	3,218,741	265,446	(1,957)
Due after one year	87.62	186,716	16,360	1,343

(c) Currency swap agreements

Currency swap agreements outstanding as of March 31, 2012 and 2011 are mainly as follows:

2012	Average exchange rate Yen	Foreign currency Thousands of local currency	Notional amount Millions of Yen	Fair value Millions of Yen
Buy U.S. Dollar/Sell Japanese Yen				
Due in one year or less	**¥ 80.29**	**$1,906,765**	**¥153,087**	**¥(3,630)**
Buy Japanese Yen/Sell U.S. Dollar				
Due in one year or less	**104.21**	**84,703**	**8,827**	**1,253**
Due after one year	**79.25**	**1,203,367**	**95,371**	**3,868**

2011	Average exchange rate Yen	Foreign currency Thousands of local currency	Notional amount Millions of Yen	Fair value Millions of Yen
Buy U.S. Dollar/Sell Japanese Yen				
Due in one year or less	¥ 82.57	$2,290,767	¥189,137	¥(1,647)
Buy Japanese Yen/Sell U.S. Dollar				
Due in one year or less	118.12	67,729	8,000	2,429
Due after one year	119.58	29,269	3,500	1,108

2. Interest rate risk management

The Companies are exposed to market risks arising from changes in interest rates in their business activities. In particular, interest rate fluctuations affect on borrowing costs because a major portion of the outstanding debt instruments are floating rate instruments and short-term borrowings are refinanced from time to time.

However, the impact on borrowing costs is partially offset by returns on certain assets which are also impacted by interest rate fluctuations. In addition, the Companies are engaged in financing activities, such as automobile financing, which could be affected by interest rate fluctuations. The Companies are monitoring the interest rate risk arising from the assets and liabilities and the Companies' risk management structure is prepared to utilize derivatives contracts such as the interest rate swap to manage the fluctuation in profits or losses due to drastic fluctuations in interest rates.

Interest rate sensitivity analysis

The following table represents the hypothetical impact on the Companies' profit before tax that is attributable to financial instruments which are exposed to the risk of fluctuations in interest rates in the case where the interest rate increases by 1%. The analysis is calculated by multiplying the net amounts of floating rate interest bearing financial assets and liabilities as of March 31, 2012 and 2011 by 1%, without considering future changes in the balance, currency exchange fluctuations and dispersing effects for floating rate borrowings derived from the difference in timing of refinancing and resetting of the interest rate, and is based on the assumption that all other variable factors are held constant.

The sensitivity analysis is performed for instruments that are exposed to fluctuations in market interest rates including: floating interest rate bearing debts and loans; fixed interest rate bearing debts and loans which are converted to floating rates with interest rate swap contacts and are in substance floating interest rate bearing debts and loans; cash and cash equivalents; time deposits; and receivables and payables which have not been settled at the end of the period.

	Millions of Yen		Millions of U.S. Dollars
	2012	2011	**2012**
Profit before tax	**¥(12,589)**	¥(16,439)	**$(154)**

3. Credit risk management

The Companies are exposed to credit risks as a result of providing credit to our customers in the form of accounts receivable, advances, loans, guarantees and other instruments. The Companies use an original credit rating model, the Sumisho Credit Rating ("SCR"), to assess customers' credit risk. The authority level for extending credit to customers depends on the nine assigned credit ratings. In addition, the Companies regularly review the customers' credit limits and appropriately manage the credit exposure under those limits. At the same time, the Companies continuously perform credit evaluations on the financial conditions of customers, and based on such evaluations, obtain collateral to secure the receivables if necessary.

The Companies' receivables are from a large number of customers, spreading across diverse industries and geographical areas, therefore the companies do not have significant concentrated credit risk exposure to any single counterparty or any group of counterparties.

The credit risk on deposits and derivatives is limited because the counterparties are internationally recognized financial institutions.

The total amounts of guarantees, and financing commitments, and the carrying amount of financial assets recorded in the Consolidated statement of financial position, net of impairment losses, represent the Companies' maximum exposure to credit risk without taking account of any collateral obtained.

4. Commodity price risk management

The Companies trade in commodities such as physical precious and base metals, energy products and agricultural products and engage in investments in metal mining, and oil and gas development. As a result of these activities, the Companies are exposed to risk of price fluctuations of commodities. The Companies intend to reduce the risk related to the fluctuation of commodity prices by hedge-selling commodities, matching the volume and timing of selling and purchasing of commodities, or by using derivatives. The Companies use derivatives for trading purposes within defined position limits and loss limits.

Commodity price risk sensitivity analysis

The Companies use the Value-at-Risk ("VaR") method to measure the market risk for certain market-sensitive commodity transactions, including transactions associated with precious and base metals, energy products, and agricultural products.

The following table sets forth the year-end, high, low, and average VaR figures (which are generally calculated using a three-day holding period) as of the end of each month for the years ended March 31, 2012 and 2011:

The Companies use the VaR for the purpose of risk management by each organization and do not eliminate intra-group transactions.

	Millions of Yen			
	2012			
	At year-end	High	Low	Average
VaR	**¥4,647**	**¥6,005**	**¥3,879**	**¥4,882**

	Millions of Yen			
	2011			
	At year-end	High	Low	Average
VaR	¥3,885	¥4,855	¥3,337	¥4,045

	Millions of U.S. Dollars			
	2012			
	At year-end	High	Low	Average
VaR	**$57**	**$73**	**$47**	**$60**

The Companies estimate VaR mainly using the historical simulation method since October 2011, even though the Monte Carlo simulation method had been adopted before. As VaR is measured by estimating statistically gains and losses on the current portfolio during the defined periods by applying the fluctuations in market rates and prices in the past, the actual results may differ significantly from the calculations above. In addition, the Companies periodically conduct back testing in which estimated quantitative risks are compared with actual gains or losses to verify the accuracy of the VaR measurement model. The actual value of gains or losses fell within our VaR threshold in the back testing during the twelve months ended December 31, 2011 which was the most recent period for which back testing was conducted. Based on the back testing, management believes the VaR model has provided reasonably accurate measurements.

5. Liquidity risk management

The Companies' basic policy for financing operation is to secure stable medium- to long-term funds and sufficient liquidity for the operations. Management has been monitoring liquidity risk by setting various worst case scenarios including financial market turmoil. The Companies secure necessary liquidity from the cash flows from operations, by borrowing from financial institutions with which the Companies have good relationships, bonds issued in the capital markets, and issuance of commercial paper.

The Companies deposit these funds at the highly creditable financial institutions to which generally high credit ratings are given by the credit rating agencies.

The Companies have an unused long-term committed lines of credit and several unused short-term committed lines of credit with leading domestic and international financial institutions and several uncommitted lines of credit to reduce the liquidity risk.

The Companies' remaining contractual maturities for non-derivative financial liabilities (excluding lease obligations and some other liabilities) as of March 31, 2012 and 2011 are as follows:

	Millions of Yen			
	Due in one year or less	Due after one year through five years	Due after five years	Total
2012				
Bonds and borrowings	**¥ 632,267**	**¥1,768,061**	**¥1,213,487**	**¥3,613,815**
Trade and other payables	**1,084,065**	**26,209**	**39,605**	**1,149,879**
Financial guarantee contracts	**60,001**	**104,619**	**33,908**	**198,528**
2011				
Bonds and borrowings	¥850,435	¥1,780,170	¥1,136,793	¥3,767,398
Trade and other payables	999,096	26,705	43,080	1,068,881
Financial guarantee contracts	43,955	93,456	34,071	171,482

	Millions of U.S. Dollars			
	Due in one year or less	Due after one year through five years	Due after five years	Total
2012				
Bonds and borrowings	**$ 7,711**	**$21,562**	**$14,798**	**$44,071**
Trade and other payables	**13,220**	**320**	**483**	**14,023**
Financial guarantee contracts	**732**	**1,276**	**413**	**2,421**

The Companies' liquidity analysis for derivatives as of March 31, 2012 and 2011 is summarized in the table below. The table is based on the contractual future cash inflows and outflows of derivative instruments. The net contractual cash inflows and outflows of gross-settled derivative instruments are presented as net cash flows on a transaction-by-transaction basis. When receipt and payment of cash are not fixed, the amount disclosed was calculated based on the projected interest rates by reference to the yield curves at the end of the reporting period.

		Millions of Yen			
		Due in one year or less	Due after one year through five years	Due after five years	Total
2012					
Interest rate contracts	cash receipt	**¥ 9,102**	**¥ 30,931**	**¥11,933**	**¥ 51,966**
	/ (payment)	**(1,944)**	**(4,806)**	**(3,351)**	**(10,101)**
Foreign exchange contracts	cash receipt	**12,735**	**8,911**	**439**	**22,085**
	/ (payment)	**(17,390)**	**(2,578)**	**(162)**	**(20,130)**
Commodity contracts	cash receipt	**43,343**	**8,130**	**5,435**	**56,908**
	/ (payment)	**(41,731)**	**(21,652)**	**(4,141)**	**(67,524)**
2011					
Interest rate contracts	cash receipt	¥ 7,326	¥ 23,839	¥ 9,758	¥ 40,923
	/ (payment)	(2,409)	(5,231)	(3,715)	(11,355)
Foreign exchange contracts	cash receipt	10,339	4,721	149	15,209
	/ (payment)	(19,514)	(4,179)	(295)	(23,988)
Commodity contracts	cash receipt	64,169	5,682	6,667	76,518
	/ (payment)	(71,816)	(16,588)	(8,910)	(97,314)

		Millions of U.S. Dollars			
		Due in one year or less	Due after one year through five years	Due after five years	Total
2012					
Interest rate contracts	cash receipt	**$ 111**	**$ 377**	**$146**	**$ 634**
	/ (payment)	**(24)**	**(58)**	**(41)**	**(123)**
Foreign exchange contracts	cash receipt	**155**	**109**	**5**	**269**
	/ (payment)	**(212)**	**(31)**	**(2)**	**(245)**
Commodity contracts	cash receipt	**529**	**99**	**66**	**694**
	/ (payment)	**(509)**	**(264)**	**(50)**	**(823)**

(3) Fair Value of Financial Instruments

1. Fair value measurements

The fair values of financial assets and liabilities are determined as follows:

Quoted market prices, if available, are used as fair values of financial instruments. If quoted market prices are not available, fair values of such financial instruments are measured by using appropriate measurement techniques such as discounted future cash flow method or others.

Cash and cash equivalents, time deposits and marketable securities

The carrying amounts of these instruments approximate their fair value due to their short-term maturities.

Other investments

The fair values of marketable securities are estimated using quoted market prices. Fair values of unlisted investments in common stock are determined by discounted future cash flow method, valuation models based on revenue, profitability and net assets of investees, market values of comparable companies, and other valuation approaches.

Trade and other receivables, trade and other payables

The fair values of current and non-current trade receivables and payables, except for loans with floating rates whose carrying amounts approximate fair value, are estimated by discounted future cash flow analysis, using interest rates currently being offered for loans or accounts receivables with similar terms to borrowers or customers of similar credit quality and remaining maturities.

Bonds and borrowings

The fair values of bonds and borrowings, except for debt with floating rates whose carrying amount approximates fair value, are estimated by discounted future cash flow analysis using interest rates currently available for similar types of borrowings with similar terms and remaining maturities.

Guarantee of third party debt

The fair values of financial guarantees are estimated based on the premiums received or receivable from guarantors in arm's length transactions with unrelated parties.

Interest rate swaps, currency swap agreements and currency option contracts

The fair values of interest rate swaps, currency swap agreements and currency option contracts are estimated by obtaining quotes from brokers and other appropriate valuation techniques based on information available to the Companies.

Foreign exchange forward contracts

The fair values of foreign exchange forward contracts are estimated based on quoted market prices for contracts with similar terms.

Interest rate future contracts and bond future contracts

The fair values of interest rate future contracts and bond future contracts are estimated by using quoted market prices.

Commodity forwards, futures and swap contracts

The fair values of commodity forwards, futures and swap contracts are estimated using quoted market prices.

2. Financial instruments measured at amortized cost

The fair values of financial instruments measured at amortized cost as of March 31, 2012 and 2011 are as follows: Financial instruments measured at amortized cost that are included in "Marketable securities" and "Other investments" are disclosed in Note 6.

	Millions of Yen	
	2012	
	Carrying amounts	Fair value
Financial assets measured at amortized cost:		
Trade and other receivables	**¥2,116,839**	**¥2,122,129**
Financial liabilities measured at amortized cost:		
Bonds and borrowings	**3,613,815**	**3,637,626**
Trade and other payables	**1,148,180**	**1,148,194**

	Millions of Yen	
	2011	
	Carrying amounts	Fair value
Financial assets measured at amortized cost:		
Trade and other receivables	¥2,086,394	¥2,088,755
Financial liabilities measured at amortized cost:		
Bonds and borrowings	3,767,398	3,789,887
Trade and other payables	1,079,781	1,079,879

	Millions of U.S. Dollars	
	2012	
	Carrying amounts	Fair value
Financial assets measured at amortized cost:		
Trade and other receivables	**$25,815**	**$25,880**
Financial liabilities measured at amortized cost:		
Bonds and borrowings	**44,071**	**44,361**
Trade and other payables	**14,002**	**14,002**

3. Financial instruments measured at fair value

International Financial Reporting Standard No. 7 *Financial Instruments*: Disclosures requires an entity to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

The fair value hierarchy has the following levels:

Level 1 inputs are quoted prices in active markets for identical assets or liabilities;

Level 2 inputs are inputs other than quoted prices that are observable for the assets or liabilities, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the assets or liabilities.

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The fair values of financial assets and liabilities measured at fair value, grouped by fair value hierarchy as of March 31, 2012 and 2011 are as follows:

	Millions of Yen			
2012	Level 1	Level 2	Level 3	Total
Assets:				
Securities and other investments				
Financial assets measured at FVTPL	**¥ 41,212**	**¥ 53**	**¥ 30,952**	**¥ 72,217**
Financial assets measured at FVTOCI	**284,091**	**44,884**	**84,802**	**413,777**
Trade and other receivables measured at FVTPL	**—**	**43,253**	**—**	**43,253**
Other financial assets (derivatives)				
Derivatives designated as hedges	**—**	**55,917**	**—**	**55,917**
Derivatives not designated as hedges	**5,498**	**68,444**	**—**	**73,942**
Total	**¥330,801**	**¥ 212,551**	**¥115,754**	**¥ 659,106**
Liabilities:				
Trade and other payables measured at FVTPL	**¥ —**	**¥ (62,847)**	**¥ —**	**¥ (62,847)**
Other financial liabilities (derivatives)				
Derivatives designated as hedges	**—**	**(14,725)**	**—**	**(14,725)**
Derivatives not designated as hedges	**(3,683)**	**(65,314)**	**(13,730)**	**(82,727)**
Total	**¥ (3,683)**	**¥(142,886)**	**¥ (13,730)**	**¥(160,299)**

2011	Millions of Yen Level 1	Level 2	Level 3	Total
Assets:				
Securities and other investments				
Financial assets measured at FVTPL	¥ 5,157	¥ 157	¥ 26,467	¥ 31,781
Financial assets measured at FVTOCI	285,839	46,857	78,754	411,450
Trade and other receivables measured at FVTPL	—	47,462	—	47,462
Other financial assets (derivatives)				
Derivatives designated as hedges	—	43,922	—	43,922
Derivatives not designated as hedges	10,087	77,510	93	87,690
Total	¥301,083	¥ 215,908	¥105,314	¥ 622,305
Liabilities:				
Trade and other payables measured at FVTPL	¥ —	¥ (64,452)	¥ —	¥ (64,452)
Other financial liabilities (derivatives)				
Derivatives designated as hedges	—	(17,141)	—	(17,141)
Derivatives not designated as hedges	(9,755)	(87,216)	(18,149)	(115,120)
Total	¥ (9,755)	¥(168,809)	¥ (18,149)	¥(196,713)

2012	Millions of U.S. Dollars Level 1	Level 2	Level 3	Total
Assets:				
Securities and investments				
Financial assets measured at FVTPL	**$ 503**	**$ 1**	**$ 377**	**$ 881**
Financial assets measured at FVTOCI	**3,465**	**547**	**1,034**	**5,046**
Trade and other receivables measured at FVTPL	**—**	**527**	**—**	**527**
Other financial assets (derivatives)				
Derivatives designated as hedges	**—**	**682**	**—**	**682**
Derivatives not designated as hedges	**67**	**835**	**—**	**902**
Total	**$4,035**	**$ 2,592**	**$1,411**	**$ 8,038**
Liabilities:				
Trade and other payables measured at FVTPL	**$ —**	**$ (766)**	**$ —**	**$ (766)**
Other financial liabilities (derivatives)				
Derivatives designated as hedges	**—**	**(180)**	**—**	**(180)**
Derivatives not designated as hedges	**(45)**	**(797)**	**(167)**	**(1,009)**
Total	**$ (45)**	**$(1,743)**	**$ (167)**	**$(1,955)**

Reconciliation between the beginning and ending balance of financial assets measured at fair value on a recurring basis using Level 3 inputs for the year ended March 31, 2012 is as follows:

2012	Millions of Yen		
	Financial assets measured at FVTPL	Financial assets measured at FVTOCI	Net other financial assets (liabilities)
Balance, beginning of year	**¥26,467**	**¥78,754**	**¥(18,056)**
Purchases	**11,688**	**5,128**	**—**
Comprehensive income			
Profit or loss for the year	**728**	**—**	**3,504**
Other comprehensive income	**—**	**2,381**	**—**
Disposal	**(7,131)**	**(1,461)**	**—**
Settlements	**(800)**	**—**	**822**
Balance, end of year	**¥30,952**	**¥84,802**	**¥(13,730)**
Profit or loss for the year included in earnings relating to financial instruments still held at the end of year	**¥ 273**	**¥ —**	**¥ 4,408**

2012	Millions of U.S. Dollars		
	Financial assets measured at FVTPL	Financial assets measured at FVTOCI	Net other financial assets (liabilities)
Balance, beginning of year	**$323**	**$ 960**	**$(220)**
Purchases	**142**	**63**	**—**
Comprehensive income			
Profit or loss for the year	**9**	**—**	**43**
Other comprehensive income	**—**	**29**	**—**
Disposal	**(87)**	**(18)**	**—**
Settlements	**(10)**	**—**	**10**
Balance, end of year	**$377**	**$1,034**	**$(167)**
Profit or loss for the year included in earnings relating to financial instruments still held at the end of year	**$ 3**	**$ —**	**$ 54**

The above profits or losses for the year were included in "Sales of tangible products," "Cost of tangible products sold" and "Gain (loss) on securities and other investments, net" in the Consolidated statement of comprehensive income.

(4) Derivatives and Hedge Accounting

Fair-value hedges

Fair-value hedge is a type of hedge that eliminates the risk of changes in the fair values of assets and liabilities or firm commitments. The Companies use commodity future contracts and foreign exchange forward contracts to hedge the changes in fair values on firm commitments. The Companies use interest rate swaps to hedge the changes in fair values on fixed rate borrowings used to fund assets earning interest at variable rates. Changes in the fair values of derivatives designated as fair-value hedges are recognized in profit or loss and are offset by corresponding changes in the fair values of the hedged item to the extent the hedge is effective. For the years ended March 31, 2012 and 2011, net gains or losses for hedged items were net losses of ¥11,261 million ($137 million) and net losses of ¥4,803 million, respectively, and net gains or losses for hedging instruments were net gains of ¥11,261 million ($137 million) and net gains of ¥4,803 million, respectively.

Cash-flow hedges

Cash-flow hedge is a type of hedge that uses derivatives to offset the variability of expected future cash flows. The Companies use commodity future contracts and foreign exchange forward contracts to hedge the variability of cash flows related to forecasted transactions and interest rate swaps to hedge the variability of cash flows related to floating-rate borrowings. The Companies recognized changes in the fair values of derivative instruments that are designated and qualified as cash-flow hedges in other comprehensive income in Other components of equity. Such amounts are reclassified into profit or loss in the period when the hedged items are recognized in profit or loss. For the years ended March 31, 2012 and 2011, net derivative gains or losses (net of the related tax) that were expected to be reclassified into profit or loss within the next fiscal year were net losses of ¥2,019 million ($25 million) and net losses of ¥8,660 million, respectively.

Hedges of net investments in foreign operations

The Companies use currency swaps and foreign currency borrowings to hedge the foreign currency risk of the net investments in foreign operations. The Companies recognized changes in fair values of derivatives designated as hedging instruments and exchange differences in foreign currency borrowings designated as hedging instruments in other comprehensive income in Other components of equity to the extent the hedge is effective.

Derivatives not designated as hedges

The Companies use derivatives to hedge exposures when it makes economic sense to do so, including circumstances in which the hedging relationship does not qualify for hedge accounting.

The Companies use foreign exchange forward contracts to economically hedge the fluctuations of foreign exchange rates on foreign currency assets, liabilities and unrecognized firm commitments. The Companies also enter into commodity forwards, futures and swap contracts to economically hedge their inventories and unrecognized firm commitments against market price fluctuations. Certain commodity derivatives are entered into for trading purposes to the extent approved by management. These derivatives do not qualify for hedge accounting and any changes in their fair values are recognized in profit or loss.

The fair values of derivative instruments as of March 31, 2012, 2011 are as follows:

	Millions of Yen				
2012	Fair-value hedges	Cash-flow hedges	Hedges of net investment in foreign operations	Derivatives not designated as hedges	Total
[Derivative assets]					
Interest rate contracts	**¥44,271**	**¥ 3,089**	**¥ —**	**¥ 3,506**	**¥ 50,866**
Foreign exchange contracts	**1,091**	**5,578**	**279**	**15,137**	**22,085**
Commodity contracts	**192**	**1,417**	**—**	**55,299**	**56,908**
Total	**¥45,554**	**¥10,084**	**¥ 279**	**¥73,942**	**¥129,859**
Other financial assets (current)					**48,239**
Other financial assets (non-current)					**74,965**
Total					**¥123,204**
[Derivative liabilities]					
Interest rate contracts	**¥ (2,008)**	**¥ (4,461)**	**¥ —**	**¥ (3,329)**	**¥ (9,798)**
Foreign exchange contracts	**(8)**	**(2,045)**	**(3,691)**	**(14,386)**	**(20,130)**
Commodity contracts	**(221)**	**(2,291)**	**—**	**(65,012)**	**(67,524)**
Total	**¥ (2,237)**	**¥ (8,797)**	**¥(3,691)**	**¥(82,727)**	**¥ (97,452)**
Other financial liabilities (current)					**(54,636)**
Other financial liabilities (non-current)					**(36,785)**
Total					**¥ (91,421)**

Other than the above, the Companies have foreign currency borrowings of ¥21,018 million ($256 million) that are designated as hedging instruments to hedge the net investments in foreign operations.

The differences between the amounts of derivative assets and derivative liabilities stated above and those stated in the Consolidated statement of financial position were resulted from offsetting derivative assets and derivative liabilities with deposits.

2011	Millions of Yen: Fair-value hedges	Cash-flow hedges	Hedges of net investment in foreign operations	Derivatives not designated as hedges	Total
[Derivative assets]					
Interest rate contracts	¥33,834	¥ —	¥ —	¥ 6,051	¥ 39,885
Foreign exchange contracts	3,576	2,648	125	8,860	15,209
Commodity contracts	1,491	2,248	—	72,779	76,518
Total	¥38,901	¥ 4,896	¥ 125	¥ 87,690	¥ 131,612
Other financial assets (current)					68,641
Other financial assets (non-current)					53,507
Total					¥ 122,148
[Derivative liabilities]					
Interest rate contracts	¥ (2,190)	¥ (3,019)	¥ —	¥ (5,750)	¥ (10,959)
Foreign exchange contracts	(3)	(6,019)	(1,634)	(16,332)	(23,988)
Commodity contracts	(227)	(4,049)	—	(93,038)	(97,314)
Total	¥ (2,420)	¥(13,087)	¥(1,634)	¥(115,120)	¥(132,261)
Other financial liabilities (current)					(92,136)
Other financial liabilities (non-current)					(33,998)
Total					¥(126,134)

Other than the above, the Companies have foreign currency borrowings of ¥17,449 million that are designated as hedging instruments to hedge the net investments in foreign operations.

The differences between the amounts of derivative assets and derivative liabilities stated above and those stated in the Consolidated statement of financial position were resulted from offsetting derivative assets and derivative liabilities with deposits.

2012	Millions of U.S. Dollars: Fair-value hedges	Cash-flow hedges	Hedges of net investment in foreign operations	Derivatives not designated as hedges	Total
[Derivative assets]					
Interest rate contracts	**$540**	**$ 38**	**$ —**	**$ 43**	**$ 621**
Foreign exchange contracts	**13**	**68**	**3**	**185**	**269**
Commodity contracts	**3**	**17**	**—**	**674**	**694**
Total	**$556**	**$ 123**	**$ 3**	**$ 902**	**$ 1,584**
Other financial assets (current)					**588**
Other financial assets (non-current)					**914**
Total					**$ 1,502**
[Derivative liabilities]					
Interest rate contracts	**$ (24)**	**$ (54)**	**$ —**	**$ (41)**	**$ (119)**
Foreign exchange contracts	**(0)**	**(25)**	**(45)**	**(175)**	**(245)**
Commodity contracts	**(3)**	**(28)**	**—**	**(793)**	**(824)**
Total	**$ (27)**	**$(107)**	**$(45)**	**$(1,009)**	**$(1,188)**
Other financial liabilities (current)					**(666)**
Other financial liabilities (non-current)					**(448)**
Total					**$(1,114)**

26. Exchange Difference Gains and Losses

Gains and losses resulting from translating assets and liabilities denominated in a currency other than the functional currency of the reporting entity or from settling such items are included in profit or loss as they arise. Net exchange difference losses of ¥4,206 million ($51 million) and ¥3,738 million were included in the Consolidated statement of comprehensive income for the years ended March 31, 2012 and 2011, respectively.

27. Selling, General and Administrative Expenses

The components of Selling, general and administrative expenses for the years ended March 31, 2012 and 2011 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2012	2011	**2012**
Employee benefits expenses	**¥351,016**	¥331,930	**$4,281**
Equipment expenses	**112,628**	109,821	**1,374**
Travel and transportation expenses	**24,904**	23,513	**304**
Outsourcing expenses	**53,009**	52,702	**646**
Advertising expenses	**28,789**	27,844	**351**
Amortization expenses of intangible assets	**23,233**	19,689	**283**
Impairment losses on receivables	**10,207**	16,446	**124**
Others	**82,618**	78,745	**1,008**
Selling, general and administrative expenses	**¥686,404**	¥660,690	**$8,371**

Equipment expenses disclosed above mainly include rental expenses and depreciation of property, plant and equipment.

28. Finance Income and Costs

The components of Finance income and costs for the years ended March 31, 2012 and 2011 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2012	2011	**2012**
Interest income:			
Financial assets measured at FVTPL	**¥ 89**	¥ 90	**$ 1**
Financial assets measured at amortized cost	**12,907**	11,192	**158**
Derivatives	**904**	2,637	**11**
Total	**13,900**	13,919	**170**
Interest expense:			
Financial liabilities measured at amortized cost	**(36,535)**	(37,069)	**(445)**
Derivatives	**7,579**	5,060	**92**
Total	**(28,956)**	(32,009)	**(353)**
Dividends:			
Financial assets measured at FVTPL	**486**	732	**6**
Financial assets measured at FVTOCI	**10,708**	9,279	**131**
Total	**11,194**	10,011	**137**
Gain (loss) on securities and other investments, net:			
Financial assets measured at FVTPL	**5,298**	2,259	**65**
Others	**9,466**	7,218	**115**
Total	**¥ 14,764**	¥ 9,477	**$ 180**

Others of "Gain (loss) on securities and other investments" are mainly gains and losses on investments of subsidiaries and associates, which includes gains of ¥8,844 million ($108 million) on previously held interests for the year ended March 31, 2012 and gains of ¥6,700 million on deconsolidation of subsidiaries for the year ended March 31, 2011.

In addition to the above, gains or losses on revaluation of derivatives not designated as hedges for the years ended March 31, 2012 and 2011 were gains of ¥8,168 million ($100 million) and losses of ¥8,072 million in "Revenues" and "Cost," and gains of ¥7,755 million ($95 million) and gains of ¥342 million in "Other, net," respectively.

Interest income from financial assets measured at amortized cost for the years ended March 31, 2012 and 2011 were ¥70,218 million ($856 million) and ¥55,824 million in "Revenues," and interest expense from financial liabilities measured at amortized cost were ¥27,108 million ($331 million) and ¥27,321 million in "Cost," respectively.

29. Income Tax Expense

Income tax expense for the years ended March 31, 2012 and 2011 is as follows:

	Millions of Yen		Millions of U.S. Dollars
	2012	2011	**2012**
Current tax	**¥83,190**	¥77,483	**$1,015**
Deferred tax	**(5,475)**	(6,812)	**(67)**
Total	**¥77,715**	¥70,671	**$ 948**

The Company is subject to mainly a national corporate tax, an inhabitant tax and a deductible business tax, which in the aggregate resulted in an applicable income tax rate of 40.69% for the years ended March 31, 2012 and 2011. Foreign subsidiaries are subject to the income taxes of the countries in which they operate.

In Japan, following the promulgation on December 2, 2011 of the "Act for Partial Revision of the Income Tax Act, etc., for the Purpose of Creating a Taxation System Responding to Changes in Economic and Social Structures" (Act No. 114 of 2011) and the "Act on Special Measures for Securing Financial Resources Necessary to Implement Measures for Reconstruction following the Great East Japan Earthquake" (Act No. 117 of 2011), effective from fiscal years beginning on and after April 1, 2012, corporate tax rates will be reduced and a special temporary recovery tax will be imposed. In accordance with this reform, the applicable income tax rate, used to measure deferred tax assets and deferred tax liabilities, will be reduced to 38.01% from 40.69% for temporary differences and others that are expected to be realized during the period from the fiscal year beginning on April 1, 2012 to the fiscal year beginning on April 1, 2014, and to 35.64% for temporary differences and others that are expected to be realized during and after the fiscal year beginning on April 1, 2015. The effects due to this change on income tax expense and other comprehensive income are immaterial.

The reconciliation between the applicable income tax rate in Japan and the Companies' average effective income tax rate in the Consolidated statement of comprehensive income for the years ended March 31, 2012 and 2011 are as follows:

	%	
	2012	2011
The applicable income tax rate in Japan	**41.0**	41.0
Tax effect on equity-accounted investees	**(13.3)**	(8.0)
Tax effect on expenses not deductible for tax purposes	**0.6**	1.7
Difference in applicable tax rate of foreign subsidiaries	**(7.3)**	(8.5)
Reassessment of the recoverability of deferred tax assets	**(2.3)**	2.1
Others—net	**4.1**	(3.1)
The Companies' average effective income tax rate	**22.8**	25.2

30. Earnings per Share

A calculation of the basic and diluted earnings per share (attributable to owners of the parent) for the years ended March 31, 2012 and 2011 is as follows:

	Millions of Yen		Millions of U.S. Dollars
	2012	2011	**2012**
Profit for the year attributable to owners of the parent	**¥250,669**	¥200,222	**$3,057**

	Number of shares	
	2012	2011
Weighted-average shares—basic	**1,250,089,967**	1,250,060,473
Dilutive effect of: Stock options	**793,438**	602,278
Weighted-average shares—diluted	**1,250,883,405**	1,250,662,751

	Yen		U.S. Dollars
	2012	2011	**2012**
Earnings per share (attributable to owners of the parent) :			
Basic	**¥200.52**	¥160.17	**$2.45**
Diluted	**200.39**	160.09	**2.44**

31. Cash Flow Information

Supplemental disclosure of cash flow information for the years ended March 31, 2012 and 2011 is as follows:

	Millions of Yen		Millions of U.S. Dollars
	2012	2011	**2012**
Non-cash investing and financing activities:			
Finance lease obligations incurred	**¥ 2,781**	¥ 7,619	**$ 34**
Acquisition of subsidiaries:			
Total consideration paid	**(23,613)**	(15,235)	**(288)**
Cash and cash equivalents included in assets acquired	**52,010**	473	**634**
Acquisition of subsidiaries, net of cash and cash equivalents acquired	**¥ 28,397**	¥(14,762)	**$ 346**

Refer to Note 5 for each major class of assets and liabilities as of the acquisition date.

The total consideration received in respect of sales of subsidiaries for the year ended March 31, 2012 was ¥66,103 million ($806 million). Each major class of assets and liabilities at the point of sale is as follows:

	Millions of Yen	Millions of U.S. Dollars
Cash and cash equivalents	**¥ 12,653**	**$ 154**
Trade and other receivables	**156,160**	**1,904**
Property, plant and equipment	**222,908**	**2,718**
Other assets	**169,403**	**2,066**
Current liabilities	**(287,438)**	**(3,505)**
Non-current liabilities	**(106,476)**	**(1,298)**

One of the major subsidiaries disposed of during the year ended March 31, 2012 was Sumitomo Mitsui Auto Service Company, Limited ("SMAS"). On February 29, 2012, the Company transferred a portion of its common shares of SMAS to Hitachi Capital Corporation. This resulted in loss of control of SMAS and it became an equity-accounted investee.

In the Consolidated statement of cash flows for the year ended March 31, 2012, "Proceeds from sale of subsidiaries, net of cash and cash equivalents disposed of" has been presented separately within investing activities due to increased materiality. As a result, ¥3,772 million was reclassified from "Proceeds from sale of other investments" to "Proceeds from sale of subsidiaries, net of cash and cash equivalents disposed of" in the Consolidated statement of cash flows for the year ended March 31, 2011.

32. Related Party Transactions

Compensation for directors

The remuneration for directors for the years ended March 31, 2012 and 2011 is as follows:

	Millions of Yen		Millions of U.S. Dollars
	2012	2011	**2012**
1. Monthly remuneration	**¥ 837**	¥ 725	**$10**
2. Bonuses resolved at the 143rd ordinary general meeting of shareholders	**—**	515	**—**
3. Bonuses resolved at the 144th ordinary general meeting of shareholders	**301**	—	**4**
4. Expenses recognized for the grant of the 10th of stock option issued on July 31, 2011	**20**	—	**0**
5. Expenses recognized for the grant of the 9th of stock option issued on July 31, 2010	**—**	15	**—**
6. Expenses recognized for the grant of the 6th of stock option (stock-linked compensation plan) issued on July 31, 2011	**90**	—	**1**
7. Expenses recognized for the grant of the 5th of stock option (stock-linked compensation plan) issued on July 31, 2010	**26**	77	**1**
8. Expenses recognized for the grant of the 4th of stock option (stock-linked compensation plan) issued on July 31, 2009	**—**	24	**—**
Total	**¥1,274**	¥1,356	**$16**

33. Subsidiaries

The Companies' subsidiaries as of March 31, 2012 are as follows:

Business segment	Name of subsidiary	Place of incorporation and operation	Proportion of voting power held by the Companies (%)
Metal Products	Sumisho Metalex Corporation	Chuo-ku, Tokyo	100.00
	Sumisho Tekko Hanbai Co., Ltd.	Chuo-ku, Tokyo	100.00
	SC Pipe Solutions Co., Ltd.	Chuo-ku, Tokyo	100.00
	Asian Steel Company Ltd.	Singapore	100.00
	SC Metal Pty. Ltd.	Melbourne, Australia	100.00 (10.00)
	Sumisho Steel Corporation (Hong Kong) Limited	Hong Kong, China	100.00 (10.00)
	ERYNGIUM Ltd.	Glasgow, England	100.00 (70.00)
	SC Pipe Services Inc.	Houston, U.S.	100.00 (100.00)
	Others (47 Companies)		

Business segment	Name of subsidiary	Place of incorporation and operation	Proportion of voting power held by the Companies (%)
Transportation & Construction Systems	KIRIU Corporation	Ashikaga, Tochigi	100.00 (0.24)
	P.T. Summit Oto Finance	Jakarta, Indonesia	99.56 (14.56)
	SMS Construction and Mining Systems Inc.	Acheson, Canada	100.00 (30.00)
	Tecnologia para La Construccion y Mineria S.L.	Madrid, Spain	100.00 (30.00)
	P.T. Oto Multiartha	Jakarta, Indonesia	83.86 (0.32)
	SMS International Corporation	Plant City, U.S.	100.00 (100.00)
	SML Isuzu Limited	Chandigharh, India	54.96
	Triton Navigation B.V.	Amsterdam, Netherlands	100.00 (100.00)
	Toyota Ukraine	Kiev, Ukraine	100.00
	Sumitec International, Ltd.	Moscow, Russia	100.00 (20.00)
	SC Construction Machinery (Shanghai) Corporation	Shanghai, China	100.00 (10.00)
	Others (96 Companies)		
Infrastructure	Sumisho Machinery Trade Corporation	Chuo-ku, Tokyo	100.00
	Sumitomo Shoji Machinex Co., Ltd.	Chuo-ku, Tokyo	100.00
	P.T. Central Java Power	Jakarta, Indonesia	100.00 (100.00)
	Perennial Power Holdings Inc.	New York, U.S.	100.00 (100.00)
	Summit Southern Cross Power Holdings Pty. Ltd.	Sydney, Australia	100.00 (20.00)
	Others (24 Companies)		
Media, Network & Lifestyle Retail	SCSK Corporation	Koto-ku, Tokyo	50.83
	Summit, Inc.	Suginami-ku, Tokyo	100.00
	Jupiter Shop Channel Co., Ltd.	Chuo-ku, Tokyo	100.00 (1.00)
	Montrive Corporation	Shinagawa-ku, Tokyo	100.00 (1.00)
	Others (42 Companies)		

Business segment	Name of subsidiary	Place of incorporation and operation	Proportion of voting power held by the Companies (%)
Mineral Resources, Energy, Chemical & Electronics	Sumitomo Shoji Chemicals Co., Ltd.	Chuo-ku, Tokyo	100.00
	Sumitronics Corporation	Shinagawa-ku, Tokyo	100.00
	Nusa Tenggara Mining Corporation	Chuo-ku, Tokyo	74.28
	Serra Azul Iron Ore, LLC	Chuo-ku, Tokyo	100.00
	Sumi Agro Europe Limited	London, England	100.00 (20.00)
	Interacid Trading S.A.	Lausanne, Switzerland	100.00 (30.00)
	Minera San Cristobal S.A.	La Paz, Bolivia	100.00 (100.00)
	Sumisho Coal Australia Pty. Ltd.	Sydney, Australia	100.00
	SC Minerals America, Inc.	Denver, U.S.	100.00 (15.25)
	Summit Petroleum Limited	London, England	100.00 (10.00)
	Petro Summit Pte. Ltd.	Singapore	100.00 (20.00)
	SC Mineral Resources Pty. Ltd.	Sydney, Australia	100.00
	Summit Minerals GmbH	Zug, Switzerland	100.00 (100.00)
	Summit Oil and Gas USA Corporation	New York, U.S.	100.00
	Summit Discovery Resources II LLC	Houston, U.S.	100.00 (100.00)
	Summit Empreendimentos Minerais Ltda	Sao Paulo, Brazil	100.00 (100.00)
	Inversiones SC Sierra Gorda Limitada	Santiago, Chile	100.00 (0.06)
	SC Sierra Gorda Finance B.V.	Amsterdam, Netherlands	100.00
	Comercial Metales Blancos AB	Stockholm, Sweden	100.00
	Others (64 Companies)		
General Products & Real Estate	SEVEN INDUSTRIES CO., LTD.	Minokamo, Gifu	50.61
	Sumifru Corporation	Bunkyo-ku, Tokyo	100.00
	IG Kogyo Co., Ltd.	Higashine, Yamagata	65.48
	S.C. Cement Co., Ltd.	Chuo-ku, Tokyo	100.00
	TBC Corporation	Palm Beach Gardens, U.S.	100.00 (100.00)
	Summit Rural Western Australia Pty. Ltd.	Kwinana, Australia	100.00 (20.00)
	Others (46 Companies)		
New Industry Development & Cross-function	Sumisho Global Logistics Co., Ltd.	Chuo-ku, Tokyo	100.00
	Bluewell Corporation	Chuo-ku, Tokyo	100.00
	Thang Long Industrial Park Corporation	Hanoi, Vietnam	58.00 (58.00)
	Sumitomo Corporation Global Commodities Limited	London, England	100.00 (49.00)
	Others (38 Companies)		
Domestic Regional Business Units and Offices	Nippon Katan Co., Ltd.	Hirakata, Osaka	100.00
	Sumisho Montblanc Co., Ltd.	Chuo-ku, Osaka	87.50
	Others (11 Companies)		

Business segment	Name of subsidiary	Place of incorporation and operation	Proportion of voting power held by the Companies (%)
Overseas Subsidiaries and Branches	Sumitomo Corporation of America	New York, U.S.	100.00 (100.00)
	Sumitomo Corporation Europe Holding Limited	London, England	100.00 (100.00)
	Sumitomo Corporation (China) Holding Ltd.	Beijing, China	100.00
	Sumitomo Corporation Asia Pte Ltd.	Singapore	100.00 (100.00)
	Sumitomo Australia Pty Ltd.	Sydney, Australia	100.00 (100.00)
	Sumitomo Corporation Do Brasil S.A.	Sao Paulo, Brazil	100.00 (19.32)
	Sumitomo Corporation Taiwan Ltd.	Taipei, Taiwan	100.00 (100.00)
	Others (123 Companies)		
Others	Sumitomo Shoji Financial Management Co., Ltd.	Chuo-ku, Tokyo	100.00
	Yasato Kosan Co., Ltd.	Chuo-ku, Tokyo	100.00
	Others (1 Company)		

*1 The percentage in the parenthesis under “Proportion of voting power held by the Companies” indicates the indirect ownership out of the total ownership noted above.

*2 In relation to subsidiaries to be sold within one year, ¥20,715 million ($253 million) of assets held for sale and ¥7,920 million ($97 million) of associated liabilities are presented as “Other current assets” and “Other current liabilities,” respectively, as of March 31, 2012.

34. Commitments and Contingent Liabilities

(1) Commitments

The Companies customarily enter into long-term purchase commitments for certain items, principally ocean transport vessels and industry materials, either at fixed prices or at basic purchase prices adjustable to market. Such purchase commitments are in most instances matched with counter-party sales contracts. Long-term purchase contracts at fixed prices or at basic purchase prices adjustable to market amounted to ¥458,918 million ($5,597 million) as of March 31, 2012. Scheduled deliveries are at various dates through 2025. The Companies also had financing commitments of ¥76,933 million ($938 million) as of March 31, 2012 for loans and investments in equity capital.

For finance and operating lease commitments to which the Companies are the lessees, refer to Note 8.

(2) Guarantees

The Companies enter into various guarantee agreements. These agreements arise in transactions related to enhancing the credit standings of equity-accounted investees, suppliers, buyers and employees, and residual value guarantees on operating leases.

The following table provides the undiscounted maximum amount of potential future payments for each major group of guarantees as of March 31, 2012:

	Millions of Yen	Millions of U.S. Dollars
	2012	**2012**
Guarantees of indebtedness to :		
Equity-accounted investees	**¥105,705**	**$1,289**
Third parties	**83,982**	**1,024**
Employees	**1,465**	**18**
Residual value guarantees for lease	**7,376**	**90**
Total	**¥198,528**	**$2,421**

1. Guarantees for Indebtedness of Equity-accounted investees

The Companies provide guarantees on certain equity-accounted investees' borrowings from banks, payables to suppliers and other indebtedness. These guarantees mature through 2030. Guarantees with third party guarantee aggregated to ¥10,877 million ($133 million) as of March 31, 2012. The Companies would be obligated to reimburse the banks for losses, if any, if an equity-accounted investee defaults on a guaranteed loan.

2. Guarantees for Indebtedness of Third Parties

The Companies also provide guarantees for indebtedness of third parties. These guarantees are arranged mainly with suppliers and customers and mature through 2015. The Companies must pay if a guaranteed party defaults on a guaranteed indebtedness. Guarantees with third party guarantee aggregated to ¥4 million ($0 million) as of March 31, 2012. Certain of these guarantees are also collateralized by borrower assets.

3. Guarantees for Indebtedness of Employees

The Companies offer guarantees to banks for housing loans of employees as an employee benefit. The maximum maturity of the guarantees is 25 years. The Companies would be obligated to reimburse the banks for losses, if any, if the employee defaults on a guaranteed loan. These guarantees are collateralized by the housing units related to the loans.

4. Residual Value Guarantees

The Companies also provides residual value guarantees to owners of transportation equipment leased by third parties under operating leases to compensate for the gap between fixed prices and actual disposal proceeds on dates specified in these contracts. These guarantees mature through 2015. If the actual disposal amounts of the equipment are less than the guaranteed values on the specified date, the Companies will be required to compensate for the shortfall so long as obligations by the lessee under the contract are satisfied. The current estimated future values of such transportation equipment are higher than the guaranteed values, and, accordingly, no allowance has been recognized as of March 31, 2012.

Management does not anticipate incurring losses on the above commitments and guarantees in excess of established allowances.

(3) Litigation and others

On December 30, 2011, Minera San Cristobal S.A. ("MSC"), which is a consolidated subsidiary of the Company, in Plurinational State of Bolivia received a correction notice, relating to its withholding tax returns, from Bolivian Tax Authority. During 2012 MSC is in legal proceedings to dispute the resolution. The Company does not disclose the detail because it is to prejudice seriously the position of the entity in a dispute with other party on the subject matter of the contingent liability.

Besides the above, the Companies are involved in certain legal actions and claims incidental to its business. In the opinion of management, none of these actions or claims will have a material adverse effect on the financial position or results of operations of the Companies.

35. Subsequent Events

Subsequent events as of June 22, 2012, the date the Annual Security Report was filed, are as follows:

The Companies have issued unsecured bonds as follows:

<The 45 round unsecured bond >

Issue date	Principal amount	Issue Price (per ¥100 of face value)	Yearly Coupon Rate	Maturity Date	Use of funds
April 20, 2012	¥ 30 billion	¥ 100	1.117%	April 20, 2022	Repayment of debt
	$366 milllion	$1.22			

36. Approval of Consolidated Financial Statements

The Consolidated financial statements were approved by Kuniharu Nakamura, CEO, and Toyosaku Hamada, CFO, on June 22, 2012.

Independent Auditors' Report

The Board of Directors and Shareholders
Sumitomo Corporation:

We have audited the accompanying consolidated financial statements of Sumitomo Corporation and its subsidiaries, which comprise the consolidated statement of financial position as of March 31, 2012, the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Sumitomo Corporation and its subsidiaries as of March 31, 2012, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Convenience translations

The accompanying consolidated financial statements as of and for the year ended March 31, 2012 have been translated into United States dollars solely for the convenience of the reader. We have audited the translation and, in our opinion, the consolidated financial statements expressed in Japanese yen have been translated into dollars on the basis set forth in note 2(3) of the notes to the consolidated financial statements.

KPMG AZSA LLC

June 22, 2012
Tokyo, Japan

Reference Information [Risk factors]

Sumitomo Corporation and Subsidiaries

The factors described below may conceivably materially affect investors' decisions as risks relating to us. Unless otherwise specified, information concerning the future presented herein are forecasts based on our decisions, targets, certain premises or assumptions as of the last day (March 31, 2012) of the consolidated fiscal year and may differ materially from the actual results.

RISKS RELATED TO OUR BUSINESS

The risk of our revenues and profitability fluctuating from period to period unexpectedly

Our results of operations for any quarter, half year or year are not necessarily indicative of results to be expected in future periods. Our operating results have historically been, and we expect they will continue to be, subject to quarterly, half yearly and yearly fluctuations as a result of a number of factors, including:

- changes in prevailing economic and other conditions relating to our businesses;
- variations in costs, sales prices and volume of our products and services, and the mix of products and services we offer;
- changes in customer demand and/or our supply chains, which in turn will often depend upon market conditions for the relevant products, the success of our customers' or suppliers' businesses, industry trends, and other factors;
- changes in the level of performance of our strategic investments, which in turn will affect our gains and losses on sales of such investments or may result in the write-off or impairment of such investments;
- changes in our asset prices, including equity, real estate and other assets, which in turn will affect our gains and losses on sales of such assets or may result in the write-off or impairment of such assets;
- changes in the financial and commodity markets; and
- changes in the credit quality of our customers.

As such, you should not rely on comparisons of our historical results of operations as an indication of our future performance.

The risk that we may not be able to achieve the managerial targets set forth in our medium-term business plans

As part of our efforts to strengthen our position as a leading global business enterprise, we intend to increase our profitability and our earnings base and to improve our financial strength and the efficiency and effectiveness of our operations. As part of these continuing efforts, we set and implement a medium-term business plan every two years. In the medium-term business plan, we set certain quantitative and qualitative targets and undertake efforts to achieve such targets while monitoring the status of progress. The targets are set based on the gathering and analysis of information deemed appropriate at the time of such target-setting. However, since we may not be able to always gather all the necessary information, we may not be able to achieve the targets due to changes in the operating environment and other factors.

In our business plan, we use two key management measures that we call "risk-adjusted assets" and "risk-adjusted return ratio," which are targets set for each of our industry-based business units and for our company as a whole. These targets involve a certain statistical confidence level, estimates and assumptions. Since they are different from return on assets or any other measure of performance calculated based on the financial statements, they may not be useful to all investors in making investment decisions.

The risk that economic conditions may change adversely for our business

We undertake operations through our offices in over 60 countries, including Japan. Since we are engaged in business activities and other transactions in a broad range of industrial sectors in Japan and abroad, we are affected by not only general Japanese economic conditions but also the economic conditions of the relevant countries in which we operate and the world economy as a whole.

As a result of the financial crisis that occurred in many major economies, some countries in which we operate have experienced, or are currently experiencing, deflation, currency depreciation, and liquidity crises, and these conditions may continue or reoccur in the future.

Moreover, economic conditions in key countries for our operations have been adversely impacted by events such as the continued fear of future terrorist attacks and political instability.

These changes in economic conditions in key countries for our operations may adversely affect our results of operations and financial condition.

Risks associated with intense competition

The markets for many of the industries in which we are involved are intensely competitive. For many of our businesses, we are involved at all levels of the supply chain and compete with companies that are engaged in certain of the same businesses as we are, but that are more concentrated in individual business segments. We also compete with other integrated trading companies in Japan which often establish and pursue similar strategic business plans as ours. Our competitors may have stronger relationships and associations with our current or potential customers, suppliers, counterparties and business partners. Our competitors may also have greater financial, technical, marketing, distribution, information, human and other resources than we do and may be stronger in certain of the market segments in which we operate.

In this intensely competitive environment, our results of operations will be adversely affected if we are unable to:

- anticipate and meet market trends to timely satisfy our customers' changing needs;
- maintain relationships with our customers and suppliers;
- maintain our global and regional network of associated companies and business partners;
- obtain financing to carry out our business plans on reasonable terms or at all; and
- adapt our cost structure to constantly changing market conditions so as to maintain our cost competitiveness.

Credit risk arising from customers and counterparties

Our business is exposed to credit risks as we extend credit to our customers in the forms of accounts receivable, advances, loans, guarantees and other instruments. Our customers include companies in which we hold equity interest. For such customers, we are exposed to both credit risk as well as investment risk. We also enter into various swaps and other derivative transactions primarily for hedging purposes and have counterparty risk in relation to such contracts. Our business, results of operations and financial conditions may be adversely affected if our customers or counterparties fail to meet their financial or contractual obligations to us.

We undertake efforts to manage credit risk by carrying out credit checks on customers based on our internal credit rating system, obtaining collateral or guarantees, and having a diversified customer base. We make allowances for doubtful receivables based on certain assumptions, estimates and assessments about the credit worthiness of our customers, the value of collateral we hold and other items.

However, such efforts may not be sufficient to avoid loss that may arise from credit risk. Furthermore, these assumptions, estimates and assessments might not be correct. In addition, if general economic conditions deteriorate, if other factors which were the basis for our assumptions, estimates and assessments change, or if we are adversely affected by other factors to an extent worse than anticipated, our actual losses could materially exceed our allowances.

Risks related to investment activities and our strategic business alliances

In connection with our corporate strategy and the development of our business opportunities, we have acquired or made investments in newly established or existing companies and intend to continue to do so in the future. We sometimes extend credit, through such as credit sales, loans, and guaranties, to the companies in which we invest. As our business investments sometimes require the commitment of substantial capital resources, in some instances, we may be required to contribute additional funds. We may not be able to achieve the benefits we expect from such investments. In addition, since a substantial portion of our business investments is illiquid, we may not be able to exit from such investments at the time or in the manner we would like.

We sometimes enter into partnerships, joint ventures or strategic business alliances with various third parties. In some cases, we cannot control the operations and assets of the companies in which we invest nor can we make major decisions in relation to such investments without the consent of other shareholders or participants, or cannot do the same at all. Our business could be adversely affected in such cases, or if we are unable to continue with one or more of our partnerships, joint ventures or strategic business alliances.

In order to mitigate these risks, we in principle invest only in projects that meet the specified hurdle rate at inception of investment. At the same time, as for large, important projects that could have a major impact on the entire company, the Corporate Group has a restraining function on business segments through the Loan and Investment Committee, which analyzes project risks from a specialist view point and assesses whether or not to proceed with them prior to the investment. Also, the Corporate Group is responsible for post-closing monitoring of the investment, which is a fundamental part of investment risk control, through tracking of results of investments comparison of business plans.

Fluctuations of interest rates, foreign currency exchange rates, and commodity prices

We rely on debt financing in the form of loans from financial institutions or the issuance of corporate bonds and commercial paper to finance our operations. We also often extend credit to our customers and suppliers in the form of loans, guarantees, advances and other financing means. For example, through several subsidiaries, we are engaged in motor vehicle financing and leasing businesses in Japan and other countries. Revenues and expenses and the fair price of our assets and liabilities arising from such business transactions, in some cases, are affected by interest rate fluctuations.

Foreign currency exchange rate fluctuations can affect the yen value of our investments denominated in foreign currencies as well as revenues and expenses and our foreign currency-denominated assets and liabilities arising from business transactions and investments denominated in foreign currencies. Exchange rate fluctuations can also affect the yen value of the foreign currency financial statements of our foreign subsidiaries. Although we attempt to reduce such interest rate fluctuations and foreign currency exchange risks, primarily by using various derivative instruments, we are not able to fully insulate ourselves from the effects of interest rate fluctuations and exchange rate fluctuations.

As a major participant in the global commodities markets, we trade in a variety of commodities, including mineral, metal, chemical, energy and agricultural products and invest in natural resource development projects. As such, we may be adversely affected by the fluctuations in the prices of the relevant commodities. Although we attempt to reduce our exposure to price volatility by hedge-selling commodities, matching the quantity and timing of buying and selling, and utilizing derivative instruments for hedging purposes, we are not able to fully insulate ourselves from the effects of commodity price movements.

Risks related to declines in real estate market or impairment loss on fixed assets, etc.

Our real estate business involves developing, renting and managing of and providing services to office buildings and commercial and residential properties in Japan and abroad. If the real estate market deteriorates, our results of operations and financial condition could be materially adversely affected.

Also, if land prices and rental values decline, we may be forced to write down the value of our properties as well as the value of land and buildings held for lease and land held for development. Not only real estate but also our property holdings are exposed to impairment risk. As such, our business, operating results and financial condition could be adversely affected.

Risks related to continued volatility of equity markets in Japan and elsewhere

A significant portion of our investments consists of marketable equity securities, particularly those of Japanese issuers. Our results of operation and financial conditions may be adversely affected if the Japanese equity market declines in the future because we would incur impairment losses for equity securities.

Risks regarding uncertainty about retirement benefit obligation

Declines in the Japanese and foreign stock market would reduce the value of our plan assets, and could necessitate additional funding of the plan by us. This could adversely affect our results of operations and financial condition.

Concentration of risk exposure in specific fields

Some parts of our operations and businesses are concentrated in a few particular markets, entities, and regions. As a result, if these operations and businesses do not perform as we expect or if the economic conditions in these markets and regions deteriorate unexpectedly, it could have a disproportionately negative effect on our businesses and results of operations. For example, we are involved in a large copper and gold mine project, a large power plant project, the automobile lease and finance business, liquefied natural gas projects and other business activities in Indonesia. As such, risk exposure is concentrated there.

Risks stemming from restrictions on access to liquidity and capital

We rely on debt financing in the form of loans from financial institutions or the issuance of corporate bonds and commercial paper etc. to finance our operations. If financial markets are in turmoil and financial institutions reduce their lendings to us and there is a significant downgrade of our credit ratings by one or more credit rating agencies, we may not be able to access funds when we need them on acceptable terms, our access to debt capital markets may become more restricted or the cost of financing our operations through indebtedness may increase. This could adversely affect our results of operations and financial condition.

Risks regarding laws and regulations

Our operations are subject to extensive laws and regulations covering a wide range of fields in Japan and many other countries. These laws and regulations govern, among other things, tariffs and other taxation, repatriation of profits, business and investment approvals, import and export activities (including restrictions based on national security interests), antitrust and competition, commercial activities, currency exchange, distributor protection, consumer protection and environmental protection. In some of the countries in which we operate, our operations may subject us to additional or future relevant laws and regulations. Also particularly in developing countries with relatively nascent legal systems, our burden of compliance may further increase due to factors such as the lack of laws and regulations, unexpected interpretations of existing laws and regulations and changing practices of regulatory, judicial and administrative bodies. Failure to comply with current or future laws and regulations could lead to penalties and fines against us and restrictions in our operations or damage to our reputation. If that occurs, our business, results of operations and financial condition could be materially adversely affected.

Risks related to legal actions, etc.

We are party to a number of legal actions and other disputes in Japan and abroad. In performing our business, lawsuits arising incidentally and claims that do not develop into lawsuits may be brought against us.

Due to the inherent uncertainty of litigation, it is not possible to predict the ultimate outcome of the actions in which we are involved at this time. There can be no assurance that we will prevail in any action or that we will not be materially adversely affected by such action in the future.

Risks regarding noncompliance by officers and employees with applicable laws and regulations and internal policies and regarding management of our information and communications systems

Due to our size, as well as the diversity and geographic breadth of our activities, our day-to-day operations are necessarily decentralized. The nature of our operations requires extensive internal controls and management oversight to ensure compliance by our employees with applicable laws and regulations and our internal policies. There can be no assurance that we will succeed in preventing misconduct by our employees through our internal control and compliance systems. Employee misconduct could have a material adverse effect on our results of operations, expose us to legal and financial risks and compromise our reputation.

We are dependent on the proper functioning of our information and communications systems to maintain our global operations. System malfunction may result in disruptions of our operations.

There is no assurance that our risk management systems will effectively minimize various types of risks in our operations to appropriate levels.

Our extensive and diverse businesses expose us to various types of risks. We conduct our business through industry-based business units and regional operations, domestic and overseas. At the same time, we are expanding our business activities into new areas. Accordingly, in addition to the risks and uncertainties that we face as a whole as an integrated trading company, each of our industry-based business units and regional operations may be subject to risks inherent in or relating to each industry, market and/or geographic focus.

Our existing risk management systems, which consist of various elements from risk measurement methodology and information system to internal rule and organization structure, may not work satisfactorily with respect to various risks. Furthermore, we may have no experience or only limited experience with the risks relating to our new business activities, products and services.

In such cases, our new business activities, products and services may require the introduction of more complex management systems and additional management resources, such as human resources.

Moreover, a shortage of management resources, such as human resources, may lead to a restriction of business operation.

Natural Disasters and other risks

Natural disasters, such as an earthquake, tsunami, heavy rain or flood, or infectious diseases, such as the new influenza occur in the region or the countries where we operate may adversely affect our operations and results. We have implemented measures such as developing disaster contingency manual, creating Business Continuity Plan (BCP), introducing a safety confirmation system of employees, reinforcing earthquake resistance, and conducting emergency drills. However, despite of these measures, there is no assurance that damage from disasters can be completely avoided.

CORPORATE INFORMATION

(As of March 31, 2012)

■ **Company Name:**	Sumitomo Corporation
■ **Date of Establishment:**	December 24, 1919
■ **Sumitomo Corporation Shareholders' Equity:**	¥1,689.1 billion
■ **Fiscal Year:**	From April 1 of each year through March 31 of the following year
■ **Number of Consolidated Subsidiaries:**	560 (Overseas 421, Domestic 139)
■ **Associated Companies [equity method]:**	230 (Overseas 176, Domestic 54)
■ **Total:**	790
■ **Number of Employees:**	Total, including Consolidated Subsidiaries 72,087 Non-Consolidated 5,185
■ **Headquarters:**	1-8-11, Harumi, Chuo-ku, Tokyo 104-8610, Japan
■ **URL:**	http://www.sumitomocorp.co.jp/english/

STOCK INFORMATION

(As of April 1, 2012)

■ **Stock Listings:**	Tokyo, Osaka, Nagoya, Fukuoka
■ **American Depository Receipts:**	
Ratio:	1ADR:1ORD
Exchange:	OTC (Over-the-Counter)
Symbol:	SSUMY
CUSIP Number:	865613103
■ **Depository and Registrar:**	Citibank, N.A. Global Transaction Services Depositary Receipts Services, P.O. Box 43077, Providence, Rhode Island 02940-3077, U.S.A.
Toll Free Number:	1-877-248-4237 (CITI-ADR)
Overseas Dial-In:	1-781-575-4555
e-mail:	citibank@shareholders-online.com
URL:	http://www.citigroup.com/adr

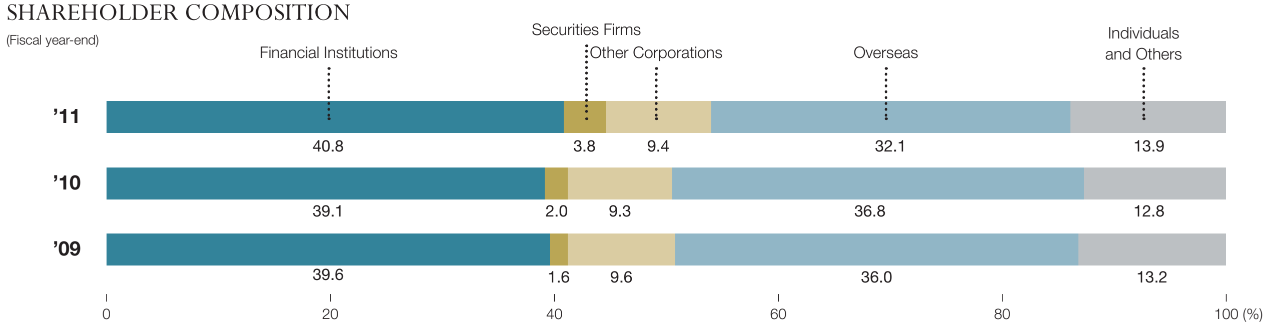
Major Shareholders

(As of March 31, 2012)

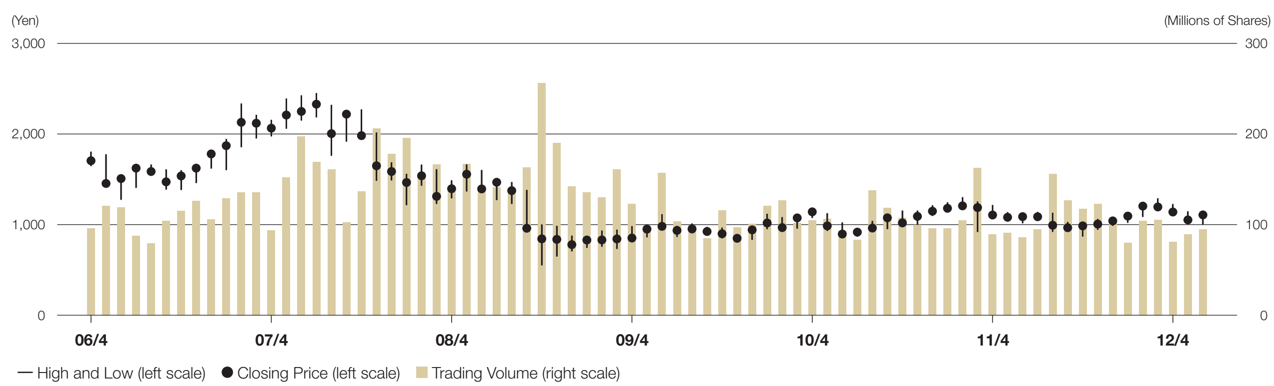
Name	Number of Shares (In Thousands of Shares)	Shareholding Ratio (%)
1 Japan Trustee Services Bank, Ltd. (trust account)	88,419	7.07
2 The Master Trust Bank of Japan, Ltd. (trust account)	86,702	6.94
3 Liberty Programming Japan, Inc.	45,652	3.65
4 Mitsui Sumitomo Insurance Company, Limited	33,227	2.66
5 Sumitomo Life Insurance Company	30,855	2.47
6 SSBT OD05 Omnibus Account-Treaty Clients	29,348	2.35
7 Japan Trustee Services Bank, Ltd. (trust account 9)	28,630	2.29
8 Sumitomo Metal Industries, Ltd.	19,291	1.54
9 Nippon Life Insurance Company	16,532	1.32
10 Barclays Capital Japan Limited	15,985	1.28

SHAREHOLDER COMPOSITION

(Fiscal year-end)



STOCK PRICE AND TRADING VOLUME



		11/4	5	6	7	8	9	10	11	12	12/1	2	3	4	5	6
Stock Price (Yen)	Closing Price	1,107	1,082	1,089	1,088	994	967	987	1,007	1,042	1,095	1,205	1,196	1,140	1,053	1,108
	High	1,210	1,131	1,093	1,133	1,124	1,023	1,025	1,056	1,076	1,119	1,218	1,284	1,221	1,141	1,123
	Low	1,084	1,051	1,021	1,073	926	935	875	949	994	1,026	1,091	1,159	1,114	1,034	1,006
Trading Volume (in Thousands of Shares)		89,323	91,164	85,890	94,818	156,149	126,528	117,237	123,071	104,787	80,165	104,084	105,445	80,876	89,184	94,738

Note: Above stock prices and trading volume are based on Tokyo Stock Exchange data.

For further information contact:

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e-mail: ir@sumitomocorp.co.jp

VEGETABLE OIL INK
Printed in Japan