

November 6, 2017

*Sumitomo Corporation*

## **Summary of Consolidated Results**

### Detail Description of Consolidated Results (Consolidated Statements)

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# Condensed Consolidated Statements of Comprehensive Income

Sumitomo Corporation and Subsidiaries

For the six-month periods ended September 30, 2017 and 2016

	Millions of Yen		Millions of U.S. Dollars	
	2017	2016	2017	
<b>Revenues</b>				
Sales of tangible products	¥ 2,039,971	¥ 1,623,431	\$ 18,053	
Sales of services and others	253,535	235,457	2,244	
<b>Total revenues</b>	<b>2,293,506</b>	<b>1,858,888</b>	<b>20,297</b>	
<b>Cost</b>				
Cost of tangible products sold	(1,714,064)	(1,362,573)	(15,169)	
Cost of services and others	(112,192)	(97,188)	(993)	
<b>Total cost</b>	<b>(1,826,256)</b>	<b>(1,459,761)</b>	<b>(16,162)</b>	
<b>Gross profit</b>	<b>467,250</b>	<b>399,127</b>	<b>4,135</b>	
<b>Other income (expenses)</b>				
Selling, general and administrative expenses	(359,508)	(336,374)	(3,181)	
Impairment losses on long-lived assets	(11)	(136)	0	
Gain (loss) on sale of long-lived assets, net	2,652	(1,302)	23	
Other, net	3,423	(12,312)	30	
<b>Total other income (expenses)</b>	<b>(353,444)</b>	<b>(350,124)</b>	<b>(3,128)</b>	
<b>Finance income (costs)</b>				
Interest income	12,879	11,887	114	
Interest expense	(15,407)	(13,412)	(136)	
Dividends	5,812	4,673	51	
Gain (loss) on securities and other investments, net	10,904	(2,571)	97	
<b>Finance income (costs), net</b>	<b>14,188</b>	<b>577</b>	<b>126</b>	
<b>Share of profit (loss) of investments accounted for using the equity method</b>	<b>74,719</b>	<b>46,650</b>	<b>661</b>	
<b>Profit before tax</b>	<b>202,713</b>	<b>96,230</b>	<b>1,794</b>	
<b>Income tax expense</b>	<b>(38,099)</b>	<b>(23,497)</b>	<b>(337)</b>	
<b>Profit for the period</b>	<b>164,614</b>	<b>72,733</b>	<b>1,457</b>	
<b>Profit for the period attributable to:</b>				
Owners of the parent	¥ 155,295	¥ 65,780	\$ 1,374	
Non-controlling interests	9,319	6,953	83	
<b>Other comprehensive income</b>				
<b>Items that will not be reclassified to profit or loss</b>				
Financial assets measured at fair value through other comprehensive income	18,251	(6,494)	161	
Remeasurements of defined benefit pension plans	5,518	(673)	49	
Share of other comprehensive income of investments accounted for using the equity method	1,462	338	13	
<b>Total items that will not be reclassified to profit or loss</b>	<b>25,231</b>	<b>(6,829)</b>	<b>223</b>	
<b>Items that may be reclassified subsequently to profit or loss</b>				
Exchange differences on translating foreign operations	16,659	(198,575)	147	
Cash-flow hedges	470	(5,665)	4	
Share of other comprehensive income of investments accounted for using the equity method	(8,297)	(4,651)	(73)	
<b>Total items that may be reclassified subsequently to profit or loss</b>	<b>8,832</b>	<b>(208,891)</b>	<b>78</b>	
<b>Other comprehensive income, net of tax</b>	<b>34,063</b>	<b>(215,720)</b>	<b>301</b>	
<b>Comprehensive income for the period</b>	<b>198,677</b>	<b>(142,987)</b>	<b>1,758</b>	
<b>Comprehensive income for the period attributable to:</b>				
Owners of the parent	¥ 188,409	¥ (142,829)	\$ 1,667	
Non-controlling interests	10,268	(158)	91	

Note: The U.S. Dollar amounts represent translations of Japanese Yen amounts at the rate of ¥113=US\$1.

	<u>FY2017</u> (Apr.-Sep.) (billion yen)	<u>FY2016</u> (Apr.-Sep.) (billion yen)	<u>change</u> (billion yen)																
				<table border="1"> <thead> <tr> <th>Exchange rate (Yen/US\$, average)</th> <th>FY2017</th> <th>FY2016</th> <th>change</th> <th>change (%)</th> </tr> </thead> <tbody> <tr> <td>(Apr.-Sep.)</td> <td>111.04</td> <td>105.25</td> <td>+5.79</td> <td>+5.5%</td> </tr> <tr> <td>(Jan.-Jun.)</td> <td>112.34</td> <td>111.74</td> <td>+0.60</td> <td>+0.5%</td> </tr> </tbody> </table>	Exchange rate (Yen/US\$, average)	FY2017	FY2016	change	change (%)	(Apr.-Sep.)	111.04	105.25	+5.79	+5.5%	(Jan.-Jun.)	112.34	111.74	+0.60	+0.5%
Exchange rate (Yen/US\$, average)	FY2017	FY2016	change	change (%)															
(Apr.-Sep.)	111.04	105.25	+5.79	+5.5%															
(Jan.-Jun.)	112.34	111.74	+0.60	+0.5%															
Revenues	2,293.5	1,858.9	+434.6																
<b>Gross profit</b>	<b>467.3</b>	<b>399.1</b>	<b>+68.1</b>	<ul style="list-style-type: none"> <li>• Deconsolidation, approx.-6.0</li> <li>• New consolidation, approx. +7.0</li> <li>• Existing businesses, approx.+54.0 <ul style="list-style-type: none"> <li>Impact of higher mineral resources prices <ul style="list-style-type: none"> <li>(Silver, zinc and lead business in Bolivia,</li> <li>Coal mining projects in Australia, etc.)</li> </ul> </li> <li>Tubular products business in North America : Recovery in earnings</li> <li>Large-scale EPC projects : Progress in construction</li> <li>Real estate business : Stable</li> </ul> </li> <li>• Impact of Yen's depreciation, approx.+13.0</li> </ul>															
Selling, general and administrative expenses	- 359.5	- 336.4	- 23.1	<ul style="list-style-type: none"> <li>• Deconsolidation, approx.+7.0</li> <li>• New consolidation, approx. -7.0</li> <li>• Existing businesses, approx.-14.0*</li> <li>• Impact of Yen's depreciation, approx.-9.0*</li> <li>* excl. changes in provision for doubtful receivables</li> </ul>															
(Employee benefits expenses)	(- 193.5)	(- 180.7)	(- 12.8)																
(Provision for doubtful receivables)	(- 0.5)	(0.2)	(- 0.7)																
(Others)	(- 165.5)	(- 155.9)	(- 9.6)																
Gain (loss) on property, plant and equipment, net	2.6	- 1.4	+4.1																
Other, net	3.4	- 12.3	+15.7	• Tax provisions in silver, zinc and lead business in Bolivia in FY16															
<b>Total other income (expenses)</b>	<b>- 353.4</b>	<b>- 350.1</b>	<b>- 3.3</b>																
Interest expense, net of interest income	- 2.5	- 1.5	- 1.0																
Dividends	5.8	4.7	+1.1																
Gain (loss) on securities and other investments, net	10.9	- 2.6	+13.5	• One-off profits in asset replacement in FY17															
<b>Financial income (costs), net</b>	<b>14.2</b>	<b>0.6</b>	<b>+13.6</b>																
<b>Share of profit (loss) of investments accounted for using the equity method</b>	<b>74.7</b>	<b>46.7</b>	<b>+28.1</b>	<ul style="list-style-type: none"> <li>• Impact of higher mineral resources prices</li> <li>• Leasing business : Stable</li> <li>• Aluminium smelting business in Malaysia : Stable</li> </ul>															
<b>Profit (loss) before tax</b>	<b>202.7</b>	<b>96.2</b>	<b>+ 106.5</b>																
Income tax expense	- 38.1	- 23.5	- 14.6																
<b>Profit (loss) for the period attributable to:</b>																			
<b>Owners of the parent</b>	<b>155.3</b>	<b>65.8</b>	<b>+ 89.5</b>																
<b>Non-controlling interests</b>	<b>9.3</b>	<b>7.0</b>	<b>+ 2.4</b>																
<b>Basic profit *</b>	<b>151.7</b>	<b>92.0</b>	<b>+ 59.7</b>																

\* Basic profit = (Gross profit+ Selling, general and administrative expenses(excluding provision for doubtful receivables)+ Interest expense, net of interest income+Dividends) ×(1-Tax rate) + Share of profit (loss) of investments accounted for using the equity method

# Condensed Consolidated Statements of Financial Position

Sumitomo Corporation and Subsidiaries  
As of September 30, 2017 and March 31, 2017

	Millions of Yen		Millions of U.S. Dollars
	September 30, 2017	March 31, 2017	September 30, 2017
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and cash equivalents	¥ 757,437	¥ 776,464	\$ 6,703
Time deposits	14,926	13,996	132
Marketable securities	5,206	4,647	46
Trade and other receivables	1,237,459	1,206,398	10,951
Other financial assets	74,018	66,550	655
Inventories	952,911	830,871	8,433
Advance payments to suppliers	165,270	169,084	1,463
Other current assets	264,043	253,165	2,336
Total current assets	3,471,270	3,321,175	30,719
<b>Non-current assets:</b>			
Investments accounted for using the equity method	1,909,573	1,870,935	16,899
Other investments	459,445	437,162	4,066
Trade and other receivables	453,884	472,462	4,016
Other financial assets	87,101	91,937	771
Property, plant and equipment	815,061	795,857	7,213
Intangible assets	354,347	357,359	3,136
Investment property	281,568	311,115	2,492
Biological assets	14,499	12,536	128
Prepaid expenses	30,282	23,498	268
Deferred tax assets	74,682	67,758	661
Total non-current assets	4,480,442	4,440,619	39,650
Total assets	¥ 7,951,712	¥ 7,761,794	\$ 70,369

Note: The U.S. Dollar amounts represent translations of Japanese Yen amounts at the rate of ¥113=US\$1.

# Condensed Consolidated Statements of Financial Position

Sumitomo Corporation and Subsidiaries  
As of September 30, 2017 and March 31, 2017

	Millions of Yen		Millions of U.S. Dollars
	September 30, 2017	March 31, 2017	September 30, 2017
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities:</b>			
Bonds and borrowings	¥ 682,307	¥ 659,257	\$ 6,038
Trade and other payables	1,067,917	1,029,294	9,451
Other financial liabilities	70,245	53,264	622
Income tax payables	37,902	20,737	335
Accrued expenses	105,762	105,164	936
Advances from customers	187,455	223,584	1,659
Provisions	4,186	4,490	37
Other current liabilities	77,370	80,129	684
Total current liabilities	2,233,144	2,175,919	19,762
<b>Non-current liabilities:</b>			
Bonds and borrowings	2,716,962	2,759,069	24,044
Trade and other payables	115,793	121,126	1,025
Other financial liabilities	38,408	40,599	340
Accrued pension and retirement benefits	29,462	28,076	261
Provisions	33,189	33,210	294
Deferred tax liabilities	135,877	116,840	1,202
Total non-current liabilities	3,069,691	3,098,920	27,166
Total liabilities	5,302,835	5,274,839	46,928
<b>Equity:</b>			
Common stock	219,279	219,279	1,941
Additional paid-in capital	264,067	263,937	2,337
Treasury stock	(3,024)	(3,113)	(27)
Other components of equity	332,069	309,094	2,938
Retained earnings	1,711,515	1,577,288	15,146
Equity attributable to owners of the parent	2,523,906	2,366,485	22,335
<b>Non-controlling interests</b>	124,971	120,470	1,106
Total equity	2,648,877	2,486,955	23,441
Total liabilities and equity	¥ 7,951,712	¥ 7,761,794	\$ 70,369

Note: The U.S. Dollar amounts represent translations of Japanese Yen amounts at the rate of ¥113=US\$1.

## ■ Summary

- Total assets: 7,951.7 billion yen (increase by 189.9 billion yen from the end of Mar, 2017)
  - Increase in inventories (excluding translation adjustments) : +110
  - Increase caused by Yen's depreciation: +60 etc.
- Shareholders' equity: 2,523.9 billion yen (increase by 157.4 billion yen from the end of Mar, 2017)
  - Profit for 1H: +155.3
  - Dividend payment: -31.2 etc.

<Numbers below include translation adjustments>

	Sep 30, 2017 (billion yen)	Mar 31, 2017 (billion yen)	change (billion yen)	
<b>【Assets】</b>	<b>7,951.7</b>	<b>7,761.8</b>	<b>+189.9</b>	
<b>Current Assets</b>	<b>3,471.3</b>	<b>3,321.2</b>	<b>+150.1</b>	
Cash and cash equivalents	757.4	776.5	-19.0	
Trade and other receivables	1,237.5	1,206.4	+31.1	
Inventories	952.9	830.9	+122.0	... Precious metal, steel sheets, tubular products, real estate business, etc.
<b>Non-current assets</b>	<b>4,480.4</b>	<b>4,440.6</b>	<b>+39.8</b>	
Investments accounted for using the equity method	1,909.6	1,870.9	+38.6	... Participation in water concession business in Brazil, etc.
Other investments	459.4	437.2	+22.3	... Increase in the value of marketable securities, etc.
Investment property	281.6	311.1	-29.5	... Sale of a part of office buildings in the U.S., etc.
<b>【Liabilities】</b>	<b>5,302.8</b>	<b>5,274.8</b>	<b>+28.0</b>	
Trade and other payables	1,183.7	1,150.4	+33.3	
《Interest bearing liabilities (Gross)》	3,399.3	3,418.3	-19.0	
《Interest bearing liabilities(Net)》	2,626.9	2,627.9	-1.0	
<b>【Equity】</b>	<b>2,648.9</b>	<b>2,487.0</b>	<b>+161.9</b>	
Shareholders' equity ※	2,523.9	2,366.5	+157.4	... { Retained earnings: +134.2(1,711.5←1,577.3) Exchange differences on translating foreign operations: +16.1(173.7←157.6) Financial assets measured at fair value through other comprehensive income: +14.8(187.8←173.0)
《Shareholders' equity ratio》	31.7%	30.5%	+1.2pt	
《D/E Ratio (Net)》	1.0	1.1	-0.1pt	

※Shareholders' equity is the "Equity attributable to owners of the parent" shown in the Consolidated Statements of Financial Position

# Condensed Consolidated Statements of Cash Flows

Sumitomo Corporation and Subsidiaries

For the six-month periods ended September 30, 2017 and 2016

	Millions of Yen		Millions of
	2017	2016	U.S. Dollars
<b>Operating activities:</b>			2017
Profit for the period	¥ 164,614	¥ 72,733	\$ 1,457
Adjustments to reconcile profit for the period to net cash provided by operating activities:			
Depreciation and amortization	58,639	55,256	519
Impairment losses on long-lived assets	11	136	0
Finance (income) costs, net	(14,188)	(577)	(126)
Share of (profit) loss of investments accounted for using the equity method	(74,719)	(46,650)	(661)
(Gain) loss on sale of long-lived assets, net	(2,652)	1,302	(23)
Income tax expense	38,099	23,497	337
Increase in inventories	(107,261)	(21,888)	(949)
(Increase) decrease in trade and other receivables	(31,693)	89,000	(280)
Increase in prepaid expenses	(7,484)	(5,899)	(66)
Decrease in trade and other payables	(21,365)	(10,500)	(189)
Other, net	(29,118)	(21,785)	(258)
Interest received	12,928	11,892	114
Dividends received	96,212	66,850	852
Interest paid	(15,323)	(13,492)	(136)
Income tax paid	(16,686)	(24,853)	(148)
Net cash provided by operating activities	50,014	175,022	443
<b>Investing activities:</b>			
Proceeds from sale of property, plant and equipment	3,659	11,118	32
Purchase of property, plant and equipment	(48,423)	(33,352)	(429)
Proceeds from sale of investment property	7,640	4,023	68
Purchase of investment property	(2,648)	(28,634)	(23)
Proceeds from sale of other investments	54,249	24,372	480
Acquisition of other investments	(76,754)	(38,191)	(679)
Collection of loan receivables	76,808	104,002	680
Increase in loan receivables	(43,493)	(69,820)	(385)
Net cash used in investing activities	(28,962)	(26,482)	(256)
Free Cash Flows:	21,052	148,540	187
<b>Financing activities:</b>			
Net increase in short-term debt	26,414	53,828	234
Proceeds from issuance of long-term debt	181,928	93,849	1,610
Repayment of long-term debt	(215,181)	(262,408)	(1,904)
Cash dividends paid	(31,207)	(31,202)	(276)
Capital contribution from non-controlling interests	—	664	—
Payment for acquisition of subsidiary's interests from non-controlling interests	(1,424)	(501)	(13)
Payment of dividends to non-controlling interests	(4,284)	(3,553)	(38)
(Acquisition) disposal of treasury stock, net	39	2	0
Net cash used in financing activities	(43,715)	(149,321)	(387)
<b>Net decrease in cash and cash equivalents</b>	<b>(22,663)</b>	<b>(781)</b>	<b>(200)</b>
<b>Cash and cash equivalents at the beginning of year</b>	<b>776,464</b>	<b>868,755</b>	<b>6,871</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>3,636</b>	<b>(35,861)</b>	<b>32</b>
<b>Cash and cash equivalents at the end of period</b>	<b>¥ 757,437</b>	<b>¥ 832,113</b>	<b>\$ 6,703</b>

Note: The U.S. Dollar amounts represent translations of Japanese Yen amounts at the rate of ¥113=US\$1.

## Summary of Cash flow

For the six-month period ended September 30, 2017

Net cash provided by operating activities **+ 50.0 billion yen**

- Core businesses generated cash steadily
- Dividend from investments accounted for using the equity method, such as J:COM, Shop Channel, etc. (+87.8 billion yen)
- Increase in working capital

(billion yen)	FY2017	FY2016	change
Basic profit	151.7	92.0	+59.7
Share of profit (loss) of investments accounted for using the equity method	-74.7	-46.7	-28.1
Dividend from investments accounted for using the equity method	87.8	58.6	+29.2
Basic profit cash flow <sup>*1</sup>	164.8	103.9	+60.9
Depreciation and amortization <sup>*1</sup>	58.6	55.3	+3.4
Others (increase/decrease of working capital etc.)	-173.4	15.8	-189.3
Net cash provided by operating activities	50.0	175.0	-125.0

\*1 Segment Information (Global Basis<sup>\*2</sup>)

(billion yen)	Basic profit cash flow			Depreciation and amortization		
	FY2017	FY2016	change	FY2017	FY2016	change
Metal Products	13.9	2.2	+11.6	6.3	6.3	-0.0
Transportation & Construction Systems	25.7	18.8	+6.8	21.8	20.4	+1.4
Environment & Infrastructure	12.0	8.8	+3.2	2.4	2.3	+0.1
Media, ICT, Lifestyle Related Goods & Services	72.7	47.9	+24.8	13.6	11.8	+1.7
Mineral Resources, Energy, Chemical & Electronics	32.6	15.2	+17.4	10.1	10.6	-0.5
Segment total	156.8	92.9	+63.9	54.1	51.4	+2.7
Corporate and Eliminations	8.0	11.0	-3.0	4.5	3.9	+0.7
Consolidated	164.8	103.9	+60.9	58.6	55.3	+3.4

(\*) From the second quarter of FY2016, above Segment Information is presented in Global Basis.<sup>\*2</sup>

\*2 The numbers of "Global Basis" consist of results including operations in Overseas Subsidiaries and Branches segment.

Net cash used in investing activities **- 29.0 billion yen**

Property, plant, equipment and other assets, net **- 39.8 billion yen**

- Constructing biomass power plants and solar farms in Japan
- Capital investment etc. by SCSK
- Partial sale of office buildings in the U.S. etc.

Marketable securities and investment, net **- 22.5 billion yen**

- Participation in water concession business in Brazil
- Additional investment in telecommunications business in Myanmar
- Acquisition of shares in Sumitomo Precision Products Co., Ltd.
- Sold a part of listed shares etc.

Loan receivables, net **+ 33.3 billion yen**

- Sold all shares in an automotive finance business in Europe etc.

Free Cash Flows **+ 21.1 billion yen**