

Consolidated annual results FY2018 (Year ended March 31, 2019)

[Prepared on the basis of International Financial Reporting Standards]

Sumitomo Corporation

Stock Exchange code No. 8053

(Listed on Tokyo, Nagoya and Fukuoka Stock Exchanges)

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The date of payout of dividend: June 24, 2019 (Planned)

1. Consolidated results for the year ended March 31, 2019

(Remarks)

Amounts are rounded to the nearest million.

% : change from the previous year.

(1) Consolidated operating results

	Revenues		Profit before tax		Profit for the year		Profit for the year attributable to owners of the parent		Comprehensive income for the year	
	(millions of yen)	(%)	(millions of yen)	(%)	(millions of yen)	(%)	(millions of yen)	(%)	(millions of yen)	(%)
Year ended March 31, 2019	5,339,238	10.6	404,017	(2.0)	337,787	1.2	320,523	3.9	321,969	14.2
Year ended March 31, 2018	4,827,323	20.8	412,295	93.5	333,910	78.4	308,521	80.5	282,049	55.6

	Earnings per share attributable to owners of the parent (basic)	Earnings per share attributable to owners of the parent (diluted)	Profit ratio to equity attributable to owners of the parent	Profit before tax ratio to total assets
	(yen)	(yen)	(%)	(%)
Year ended March 31, 2019	256.68	256.41	12.0	5.2
Year ended March 31, 2018	247.13	246.91	12.5	5.3

[Note] Share of profit (loss) of investments accounted for using the equity method (FY2018) 127,110 million yen (FY2017) 149,734 million yen

(2) Consolidated financial position

	Total Assets	Total equity	Equity attributable to owners of the parent	Equity attributable to owners of the parent ratio	Equity per share attributable to owners of the parent
	(millions of yen)	(millions of yen)	(millions of yen)	(%)	(yen)
As of March 31, 2019	7,916,523	2,906,199	2,771,483	35.0	2,219.11
As of March 31, 2018	7,770,632	2,694,321	2,558,160	32.9	2,048.93

(3) Consolidated cash flows

	Operating activities	Investing activities	Financing activities	Cash and cash equivalents at the end of year
	(millions of yen)	(millions of yen)	(millions of yen)	(millions of yen)
Year ended March 31, 2019	268,883	(51,317)	(233,196)	660,359
Year ended March 31, 2018	295,264	(155,766)	(229,610)	667,152

2. Dividends

	Cash dividends per share					Total amount of cash dividends per annum	Dividend payout ratio (Consolidated)	Dividend on equity attributable to owners of the parent (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Total			
Year ended March 31, 2018	—	28.00	—	34.00	62.00	77,405	25.1	3.1
Year ended March 31, 2019	—	37.00	—	38.00	75.00	93,665	29.2	3.5
Year ending March 31, 2020 (Forecasts)	—	50.00	—	40.00	90.00		33.1	

3. Forecasts for the year ending March 31, 2019

(Remarks)

% : change from the previous year.

	Profit for the year attributable to owners of the parent	Earnings per share attributable to owners of the parent
	(millions of yen)	(yen)
Year ending March 31, 2020	340,000	272.30

Notes

(1) Change in significant subsidiaries (changes in "Specified Subsidiaries" accompanying changes in scope of consolidation) during this period: Yes

Excluded companies: 2 (SMS International Corporation, USPO Atlanta, LLC)

[Note] SMS International Corporation was absorbed by Sumitomo Corporation of Americas.

Part of the shares of USPO Atlanta, LLC was transferred, and the company was excluded from "Specified Subsidiaries."

(2) Changes in accounting policies and accounting estimate

- | | |
|---|------|
| (i) Changes in accounting policies required by IFRS | Yes |
| (ii) Other changes | None |
| (iii) Changes in accounting estimate | Yes |

[Note] For further details please refer page 14 "Changes in accounting policies and others" and page 17 "Changes in accounting estimate."

(3) Outstanding stocks (Common stocks)

				(shares)
(i) Outstanding stocks including treasury stock	(March 31, 2019)	1,250,787,667	(March 31, 2018)	1,250,602,867
(ii) Treasury stocks	(March 31, 2019)	1,872,865	(March 31, 2018)	2,070,753
(iii) Average stocks	(April 1, 2018-March 31, 2019)	1,248,622,211	(April 1, 2017-March 31, 2018)	1,248,398,130

[Note] With regard to number of stocks used in earnings per share attributable to owners of the parent, please refer page 19.

[Reference] Non-consolidated information

Non-consolidated results FY2018 (Year ended March 31, 2019)

(Remarks)

Amounts are rounded down to the nearest million.

% : change from the previous year.

(1) Operating results

	Total trading transactions	(increase/ (decrease))	Operating income	(increase/ (decrease))	Ordinary income	(increase/ (decrease))	Net income	(increase/ (decrease))
	(millions of yen)	(%)	(millions of yen)	(%)	(millions of yen)	(%)	(millions of yen)	(%)
Year ended March 31, 2019	2,353,642	(16.4)	(24,878)	—	263,208	26.4	257,361	33.3
Year ended March 31, 2018	2,816,180	11.6	(33,375)	—	208,211	104.4	193,009	72.4

	Net income per share (basic)	Net income per share (diluted)
	(yen)	(yen)
Year ended March 31, 2019	206.10	205.92
Year ended March 31, 2018	154.61	154.47

(2) Financial position

	Total assets	Net worth	Shareholders' equity ratio	Net worth per share
	(millions of yen)	(millions of yen)	(%)	(yen)
As of March 31, 2019	4,307,405	1,251,098	29.0	1,000.85
As of March 31, 2018	4,227,780	1,107,703	26.2	886.25

[Note] Shareholders' equity (As of March 31, 2019) 1,249,973 million yen (As of March 31, 2018) 1,106,507 million yen

* This report is not subject to audits by certified public accountants or auditing firms.

* Cautionary Statement Concerning Forward-looking Statements

This report includes forward-looking statements relating to our future plans, forecasts, 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 forecasts included in this report are not projections, and do not represent management's current estimates of future performance. Rather, they represent forecasts 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 forecasts. The Company is under no obligation -- and expressly disclaims any such obligation -- to update or alter its forward-looking statements.

Management results

1. Operating results

Revenues for the fiscal year ended March 31, 2019, amounted to 5,339.2 billion yen, representing an increase of 511.9 billion yen from the previous fiscal year.

Gross profit totaled 923.2 billion yen decreased by 33.3 billion yen due to reorganization of tire business in the U.S., while the construction of large-scale projects in power infrastructure business progressed and coal mining projects in Australia increased their earnings due to higher mineral resources prices. Selling, general and administrative expenses decreased by 84.1 billion yen to 647.6 billion yen.

Gain (loss) on securities and other investments decreased by 25.6 billion yen to 2.2 billion yen due to absence of gain from stock re-valuation by IPO and capital gain from the sale of QUO CARD Co., Ltd in the previous fiscal year.

Share of profit (loss) of investments accounted for using the equity method decreased by 22.6 billion yen to 127.1 billion yen, owing to the impairment loss posted in the Nickel mining and refining business in Madagascar and one-off losses from other projects, in spite of solid performances by telecommunication business in Myanmar, and increase of profit by recovered commodity price in banana business in Asia.

As a result, profit for the year attributable to owners of the parent totaled 320.5 billion yen, representing an increase of 12.0 billion yen from the previous fiscal year. Basic profit(*1) excluding the impact of impairment loss totaled 331.2 billion yen, representing an increase of 7.5 billion yen from the previous fiscal year.

<Profit for the year attributable to owners of the parent by segment>

On April 1, 2018, we reorganized our product-based business units from five to six after strategically reviewing them from the perspectives of business fields and functions, and the Overseas Subsidiaries and Branches segment has been incorporated into each business segment. Accordingly, the segment information of the previous fiscal year has been reclassified.

Metal Products Business Unit posted profit of 40.5 billion yen, an increase of 5.0 billion yen from the previous fiscal year, primarily owing to the recovery in earnings from tubular products business in North America and stable performances of overseas steel service centers in spite of absence of one-off profit due to U.S. tax reform in the previous fiscal year.

Transportation & Construction Systems Business Unit posted profit of 52.0 billion yen, a decrease of 18.8 billion yen. Despite of the robust performance of construction equipment sales & marketing and rental business, the earning decreased due mainly to the absences of one-off profits such as U.S. tax reform in the previous fiscal year.

Infrastructure Business Unit posted profit of 64.4 billion yen, an increase of 28.7 billion yen, due to progress in construction of large-scale projects in power infrastructure business and stable performance of overseas IPP/IWPP business.

Media & Digital Business Unit posted profit of 47.5 billion yen, a decrease of 11.5 billion yen, due to the absence of gain from stock re-valuation by IPO and capital gain from the sale of QUO CARD Co., Ltd in the previous fiscal year, while major domestic group companies and telecommunication business in Myanmar showed stable performance.

Living Related & Real Estate Business Unit posted profit of 42.1 billion yen, representing an increase of 7.6 billion yen from the previous year. Real estate business has kept solid performance and banana business in Asia increased the profit due to recovery in commodity price, despite stagnant performance of fresh produce production and wholesale business in Europe and the Americas.

Mineral Resources, Energy, Chemical & Electronics Business Unit posted profit of 68.5 billion yen, a decrease of 10.1 billion yen, due to the impairment loss posted in the Nickel mining and refining business in Madagascar and one-off losses from other projects, while coal mining projects in Australia and other projects showed robust performances due mainly to the higher mineral resources prices.

(*1) 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

Excluding the impact of impairment loss

(FY2017: -15.1 billion yen in the Indonesian commercial bank

FY2018: -10.4 billion yen in the Nickel mining and refining business in Madagascar)

2. Financial position

<Total assets, liabilities, and equity as of March 31, 2019>

Total assets stood at 7,916.5 billion yen, representing an increase of 145.9 billion yen from the previous fiscal year-end due mainly to an increase of assets by Yen's depreciation and of trade receivables and inventories, despite a decrease resulting from reorganization of tire business in the US.

Equity attributable to owners of the parent totaled 2,771.5 billion yen, increased by 213.3 billion yen from the previous fiscal year-end, due primarily to an increase in retained earnings.

Interest-bearing liabilities (net) decreased by 94.4 billion yen from the previous fiscal year-end, to 2,427.1 billion yen.

In consequence, the net debt-equity ratio (Interest-bearing liabilities (net)/ Equity attributable to owners of the parent) was 0.9.

<Cash flows>

Net cash provided by operating activities totaled 268.9 billion yen as basic profit cash flow(*2) totaled to an inflow of 290.0 billion yen because our core businesses performed well in generating cash while working capital increased, alongside the expansion of businesses.

Net cash used in investing activities totaled 51.3 billion yen. In this fiscal year, we recovered funds of approx. 240.0 billion yen through reorganization of tire business in the U.S. and the sale of Indonesian commercial bank. On the other hand, we executed investments approx. 300.0 billion yen primarily for participation in the specialty steel business in India and acquisition of Chilean Quebrada Blanca copper mine interest.

As a result, free cash flows, representing sum of net cash provided by operating activities and net cash used in investing activities, totaled to an inflow of 217.6 billion yen.

Net cash used in financing activities totaled 233.2 billion yen due primarily to dividend payment.

In consequence of the foregoing, cash and cash equivalents stood at 660.4 billion yen as of March 31, 2019, representing a decrease of 6.8 billion yen from the previous fiscal year-end.

(*2) Basic profit cash flow = Basic profit - Share of profit (loss) of investments accounted for using the equity method
+ Dividend from investments accounted for using the equity method

3. Forecasts for fiscal year ending March 31, 2020(*3)

As regards to the future global economy, we anticipate that economic recovery trend will continue. It is expected that steady growth in developed countries mainly led by the U.S. will continue, while there are some concerns that market turmoil might be caused by no-deal Brexit. In emerging countries, it is expected that China's fiscal spending will stabilize Chinese economic activities, as well as surrounding Asian countries' economy which has strong links with China. However, there remains uncertainty about the future, for instance, social dislocation and economic sanctions affect part of Central and

South America and Middle East. As for the domestic economy, we anticipate that planned consumption tax hike would not lead recession as economic measures are taken.

Under these circumstances, our forecast for the fiscal year ending March 31, 2020 is as follows:

- Profit for the year attributable to owners of the parent 340 billion yen

Looking at our business performance in this context, we anticipate the decrease in the profit of mineral resources businesses due to the decrease in earnings of Silver, zinc and lead business in Bolivia because of decrease in production, in addition to lower mineral resources prices such as thermal coal. However, we expect the robust performance of existing businesses of non-mineral resources, such as real estate business. Additionally, reorganization of tire business in the U.S. and leasing business is expected to lead to increase earnings. As a result, our forecasted profit for the fiscal year ending March 31, 2020 is 340 billion yen.

(*3)**Cautionary Statement Concerning Forward-Looking Statements**

This report includes forward-looking statements relating to our future plans, forecasts, 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 forecasts included in this report are not projections, and do not represent management's current estimates of future performance. Rather, they represent forecasts 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 forecasts. The Company is under no obligation -- and expressly disclaims any such obligation -- to update or alter its forward-looking statements.

4. Dividend Policy

Sumitomo Corporation aims to increase dividends by achieving medium and long-term earnings growth while adhering to its fundamental policy of paying shareholders a stable dividend over the long term.

During "Medium-Term Management Plan 2020" with its term from FY2018 to FY2020, we decide the dividend amount in view of the situations regarding basic profit and cash flow, with a consolidated payout ratio of 30% as our guideline.

Due to the fact that our consolidated profits of FY2018 resulted 320.5 billion yen, the annual dividend for fiscal year ending March 31, 2019 is projected to be 75 yen per share (annual dividend of the previous fiscal year was 62 yen per share). The year-end dividend is projected to be 38 yen per share since the interim dividend was 37 yen per share.

The annual ordinary dividend for the fiscal year ending March 31, 2020 is projected to be 80 yen per share (the interim and the year-end dividend: 40 yen per share respectively) as we forecast our profit for FY2019 is 340 billion yen. In addition to the ordinary interim dividend, we will award a commemorative dividend of 10 yen per share to commemorate the 100th anniversary of the Company's establishment. As a result, total annual dividend forecast for the fiscal year ending March 31, 2020 is projected to be 90 yen per share (the interim dividend: 50 yen per share, the year-end dividend: 40 yen per share).

Basic Concept Regarding Selection of Accounting Standard

Sumitomo Corporation has adopted International Financial Reporting Standards (IFRS), which are global accounting standards, to enhance the convenience of our financial statements for investors by improving their quality. We are also utilizing IFRS as a significant management tool to deal with management issues such as the further improvement of operational quality, the promotion of management resource reallocation, etc.

Consolidated Statements of Financial Position

Sumitomo Corporation and Subsidiaries

As of March 31, 2019 and 2018

	Millions of Yen		Millions of U.S. Dollars
	March 31, 2019	March 31, 2018	March 31, 2019
ASSETS			
Current assets:			
Cash and cash equivalents	¥ 660,359	¥ 667,152	\$ 5,949
Time deposits	10,492	15,187	95
Marketable securities	1,989	1,361	18
Trade and other receivables	1,340,451	1,266,782	12,076
Other financial assets	62,692	66,885	565
Inventories	925,204	877,808	8,335
Advance payments to suppliers	161,037	137,675	1,451
Assets classified as held for sale	56,034	247,677	505
Other current assets	329,392	196,759	2,967
Total current assets	3,547,650	3,477,286	31,961
Non-current assets:			
Investments accounted for using the equity method	2,130,517	1,994,366	19,194
Other investments	429,532	462,841	3,870
Trade and other receivables	371,420	381,120	3,346
Other financial assets	75,576	80,214	681
Property, plant and equipment	746,647	750,226	6,726
Intangible assets	259,759	264,477	2,340
Investment property	275,273	278,026	2,480
Biological assets	22,858	16,057	206
Prepaid expenses	21,043	23,817	189
Deferred tax assets	36,248	42,202	327
Total non-current assets	4,368,873	4,293,346	39,359
Total assets	¥ 7,916,523	¥ 7,770,632	\$ 71,320

Note: The U.S. Dollar amounts represent translations of Japanese Yen amounts at the rate of ¥111=US\$1.

Consolidated Statements of Financial Position

Sumitomo Corporation and Subsidiaries
As of March 31, 2019 and 2018

	Millions of Yen		Millions of U.S. Dollars
	March 31, 2019	March 31, 2018	March 31, 2019
LIABILITIES AND EQUITY			
Current liabilities:			
Bonds and borrowings	¥ 682,349	¥ 603,249	\$ 6,147
Trade and other payables	1,190,259	1,038,657	10,723
Other financial liabilities	50,787	59,413	458
Income tax payables	28,467	39,639	257
Accrued expenses	94,019	89,778	847
Advances from customers	—	159,896	—
Contract liabilities	132,693	—	1,195
Provisions	8,356	5,711	75
Liabilities associated with assets classified as held for sale	8,841	74,207	80
Other current liabilities	82,935	87,599	747
Total current liabilities	2,278,706	2,158,149	20,529
Non-current liabilities:			
Bonds and borrowings	2,415,606	2,600,616	21,762
Trade and other payables	114,412	104,108	1,031
Other financial liabilities	23,660	33,853	213
Accrued pension and retirement benefits	34,869	27,362	314
Provisions	46,364	40,503	418
Deferred tax liabilities	96,707	111,720	871
Total non-current liabilities	2,731,618	2,918,162	24,609
Total liabilities	5,010,324	5,076,311	45,138
Equity:			
Common stock	219,449	219,279	1,977
Additional paid-in capital	258,292	265,126	2,327
Treasury stock	(2,501)	(2,796)	(23)
Other components of equity	234,937	248,564	2,117
Retained earnings	2,061,306	1,827,987	18,570
Equity attributable to owners of the parent	2,771,483	2,558,160	24,968
Non-controlling interests	134,716	136,161	1,214
Total equity	2,906,199	2,694,321	26,182
Total liabilities and equity	¥ 7,916,523	¥ 7,770,632	\$ 71,320

Note: The U.S. Dollar amounts represent translations of Japanese Yen amounts at the rate of ¥111=US\$1.

Consolidated Statements of Comprehensive Income

Sumitomo Corporation and Subsidiaries

For the years ended March 31, 2019 and 2018

	Millions of Yen		Millions of
	2019	2018	U.S. Dollars
Revenues			
Sales of tangible products	¥ 4,920,772	¥ 4,333,190	\$ 44,331
Sales of services and others	418,466	494,133	3,770
Total revenues	5,339,238	4,827,323	48,101
Cost			
Cost of tangible products sold	(4,151,165)	(3,581,975)	(37,398)
Cost of services and others	(264,880)	(288,875)	(2,386)
Total cost	(4,416,045)	(3,870,850)	(39,784)
Gross profit	923,193	956,473	8,317
Other income (expenses)			
Selling, general and administrative expenses	(647,553)	(731,616)	(5,834)
Impairment losses on long-lived assets	(7,567)	(7,226)	(68)
Gain (loss) on sale of long-lived assets, net	3,581	2,859	32
Other, net	2,502	9,419	23
Total other income (expenses)	(649,037)	(726,564)	(5,847)
Finance income (costs)			
Interest income	28,975	27,530	261
Interest expense	(40,535)	(33,297)	(365)
Dividends	12,107	10,652	109
Gain (loss) on securities and other investments, net	2,204	27,767	20
Finance income (costs), net	2,751	32,652	25
Share of profit (loss) of investments accounted for using the equity method	127,110	149,734	1,145
Profit before tax	404,017	412,295	3,640
Income tax expense	(66,230)	(78,385)	(597)
Profit for the year	337,787	333,910	3,043
Profit for the year attributable to:			
Owners of the parent	¥ 320,523	¥ 308,521	\$ 2,888
Non-controlling interests	17,264	25,389	155
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Financial assets measured at fair value through other comprehensive income	(20,646)	21,073	(186)
Remeasurements of defined benefit pension plans	(10,799)	3,219	(97)
Share of other comprehensive income of investments accounted for using the equity method	(1,453)	1,292	(13)
Total items that will not be reclassified to profit or loss	(32,898)	25,584	(296)
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations	18,784	(77,122)	169
Cash-flow hedges	5,183	(2,722)	47
Share of other comprehensive income of investments accounted for using the equity method	(6,887)	2,399	(62)
Total items that may be reclassified subsequently to profit or loss	17,080	(77,445)	154
Other comprehensive income, net of tax	(15,818)	(51,861)	(142)
Comprehensive income for the year	321,969	282,049	2,901
Comprehensive income for the year attributable to:			
Owners of the parent	¥ 305,075	¥ 256,329	\$ 2,749
Non-controlling interests	16,894	25,720	152

Note: The U.S. Dollar amounts represent translations of Japanese Yen amounts at the rate of ¥111=US\$1.

Condensed Consolidated Statements of Changes in Equity

Sumitomo Corporation and Subsidiaries

For the years ended March 31, 2019 and 2018

For the year ended March 31, 2019

Millions of Yen

	Equity attributable to owners of the parent						Non-controlling interests	Total equity
	Common stock	Additional paid-in capital	Treasury stock	Other components of equity	Retained earnings	Total		
Balance, beginning of year	219,279	265,126	(2,796)	248,564	1,827,987	2,558,160	136,161	2,694,321
Impact of changes in accounting policies					3,270	3,270		3,270
Balance, beginning of year after changes in accounting policies	219,279	265,126	(2,796)	248,564	1,831,257	2,561,430	136,161	2,697,591
Profit for the year					320,523	320,523	17,264	337,787
Other comprehensive income for the year				(15,448)	(15,448)	(15,448)	(370)	(15,818)
Comprehensive income for the year					305,075	305,075	16,894	321,969
Transaction with owners:								
Share-based payment transactions	170	170				340		340
Acquisition (disposal) of non-controlling interests, net		(7,760)				(7,760)	(10,319)	(18,079)
Acquisition (disposal) of treasury stock, net			295			295		295
Cash dividends to owners of the parent					(88,653)	(88,653)		(88,653)
Cash dividends to non-controlling interests							(8,020)	(8,020)
Others		756				756		756
Transfer to retained earnings				1,821	(1,821)	—		—
Balance, end of year	219,449	258,292	(2,501)	234,937	2,061,306	2,771,483	134,716	2,906,199

For the year ended March 31, 2018

Millions of Yen

	Equity attributable to owners of the parent						Non-controlling interests	Total equity
	Common stock	Additional paid-in capital	Treasury stock	Other components of equity	Retained earnings	Total		
Balance, beginning of year	219,279	263,937	(3,113)	309,094	1,577,288	2,366,485	120,470	2,486,955
Profit for the year					308,521	308,521	25,389	333,910
Other comprehensive income for the year				(52,192)	(52,192)	(52,192)	331	(51,861)
Comprehensive income for the year					256,329	256,329	25,720	282,049
Transaction with owners:								
Acquisition (disposal) of non-controlling interests, net		102				102	(2,332)	(2,230)
Acquisition (disposal) of treasury stock, net			317			317		317
Cash dividends to owners of the parent					(66,160)	(66,160)		(66,160)
Cash dividends to non-controlling interests							(7,697)	(7,697)
Others		1,087				1,087		1,087
Transfer to retained earnings				(8,338)	8,338	—		—
Balance, end of year	219,279	265,126	(2,796)	248,564	1,827,987	2,558,160	136,161	2,694,321

For the year ended March 31, 2019

Millions of U.S. Dollars

	Equity attributable to owners of the parent						Non-controlling interests	Total equity
	Common stock	Additional paid-in capital	Treasury stock	Other components of equity	Retained earnings	Total		
Balance, beginning of year	1,975	2,389	(26)	2,239	16,468	23,045	1,227	24,272
Impact of changes in accounting policies					30	30		30
Balance, beginning of year after changes in accounting policies	1,975	2,389	(26)	2,239	16,498	23,075	1,227	24,302
Profit for the year					2,888	2,888	155	3,043
Other comprehensive income for the year				(139)	(139)	(139)	(3)	(142)
Comprehensive income for the year					2,749	2,749	152	2,901
Transaction with owners:								
Share-based payment transactions	2	2				4		4
Acquisition (disposal) of non-controlling interests, net		(71)				(71)	(93)	(164)
Acquisition (disposal) of treasury stock, net			3			3		3
Cash dividends to owners of the parent					(799)	(799)		(799)
Cash dividends to non-controlling interests							(72)	(72)
Others		7				7		7
Transfer to retained earnings				17	(17)	—		—
Balance, end of year	1,977	2,327	(23)	2,117	18,570	24,968	1,214	26,182

Note: The U.S. Dollar amounts represent translations of Japanese Yen amounts at the rate of ¥111=US\$1.

Condensed Consolidated Statements of Cash Flows

Sumitomo Corporation and Subsidiaries

For the years ended March 31, 2019 and 2018

	Millions of Yen		Millions of
	2019	2018	U.S. Dollars
Operating activities:			2019
Profit for the year	¥ 337,787	¥ 333,910	\$ 3,043
Adjustments to reconcile profit for the year to net cash provided by operating activities:			
Depreciation and amortization	111,838	118,907	1,008
Impairment losses on long-lived assets	7,567	7,226	68
Finance (income) costs, net	(2,751)	(32,652)	(25)
Share of (profit) loss of investments accounted for using the equity method	(127,110)	(149,734)	(1,145)
(Gain) loss on sale of long-lived assets, net	(3,581)	(2,859)	(32)
Income tax expense	66,230	78,385	597
Increase in inventories	(46,038)	(126,008)	(415)
Increase in trade and other receivables	(60,634)	(70,468)	(546)
Increase in prepaid expenses	(2,831)	(5,939)	(26)
Increase in trade and other payables	108,735	90,793	980
Other, net	(133,370)	(16,925)	(1,202)
Interest received	28,155	26,882	254
Dividends received	108,909	128,723	981
Interest paid	(38,933)	(32,079)	(351)
Income tax paid	(85,090)	(52,898)	(767)
Net cash provided by operating activities	268,883	295,264	2,422
Investing activities:			
Proceeds from sale of property, plant and equipment	19,222	4,929	173
Purchase of property, plant and equipment	(110,028)	(97,762)	(991)
Proceeds from sale of investment property	5,100	10,083	46
Purchase of investment property	(26,310)	(4,341)	(237)
Proceeds from sale of other investments	217,846	59,239	1,963
Acquisition of other investments	(182,599)	(163,446)	(1,645)
Collection of loan receivables	63,407	110,901	571
Increase in loan receivables	(37,955)	(75,369)	(342)
Net cash used in investing activities	(51,317)	(155,766)	(462)
Free Cash Flows:	217,566	139,498	1,960
Financing activities:			
Net increase in short-term debt	36,570	(10,974)	330
Proceeds from issuance of long-term debt	298,841	342,344	2,692
Repayment of long-term debt	(454,880)	(484,871)	(4,098)
Cash dividends paid	(88,653)	(66,160)	(799)
Capital contribution from non-controlling interests	3,806	348	34
Payment for acquisition of subsidiary's interests from non-controlling interests	(21,055)	(2,778)	(190)
Payment of dividends to non-controlling interests	(8,020)	(7,697)	(72)
(Acquisition) disposal of treasury stock, net	195	178	2
Net cash used in financing activities	(233,196)	(229,610)	(2,101)
Net decrease in cash and cash equivalents	(15,630)	(90,112)	(141)
Cash and cash equivalents at the beginning of year	667,152	776,464	6,010
Effect of exchange rate changes on cash and cash equivalents	4,821	(14,688)	44
Net increase (decrease) in cash and cash equivalents resulting from transfer to assets classified as held for sale	4,016	(4,512)	36
Cash and cash equivalents at the end of year	¥ 660,359	¥ 667,152	\$ 5,949

Note: The U.S. Dollar amounts represent translations of Japanese Yen amounts at the rate of ¥111=US\$1.

Assumptions for Going Concern

: None

Changes in accounting policies and others

:

Significant accounting policies applied in this summary of consolidated financial statements for the year ended March 31, 2019, remain the same as those applied in the consolidated financial statements for the previous fiscal year, except for the items below.

(1) IFRS 9 “Financial Instruments” (issued in July 2014)

The Companies have applied International Financial Reporting Standard No.9 *Financial Instruments* (issued in July 2014) (“IFRS 9”) from the reporting period.

Accordingly, the Companies have changed accounting policies regarding “classification and measurement of financial assets,” “modifications of financial liabilities that do not result in derecognition,” “impairment of financial assets,” “hedge accounting.”

Classification and measurement of financial assets

A classification in which debt instruments are subjected to subsequent measurement of fair value through other comprehensive income (FVTOCI) was newly established.

The Companies evaluate the business model holding such financial instruments at the beginning of the current fiscal year, along with the terms of contract involved therein, whereby the financial instruments are, insofar as they meet the following criteria, subjected to subsequent measurement of fair value through other comprehensive income:

-If the financial instruments are held for the purpose of both the contractual collection and eventual sale of cash flows, under the business model of the Companies; and

-If the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Modifications of financial liabilities that do not result in derecognition

Even if the modification or exchanges of financial liabilities do not result in derecognition due to the terms with no substantially different, such modifications are recognized in profit or loss at the date of the modification or exchange.

Impairment loss on financial assets

For financial assets measured at amortized cost, lease receivables, contract assets, and debt instruments measured at fair value through other comprehensive income, the Companies recognize impairment losses based on expected credit losses model on such financial assets instead of incurred loss model that recognizes impairment losses when there is objective evidence which indicates that loss events under IAS 39 “Financial Instruments: Recognition and Measurement.”

At each reporting date, if the credit risk on financial assets has not increased significantly since initial

recognition, the impairment loss is measured at an amount equal to 12-months of expected credit losses. On the other hand, if the credit risk on financial assets has increased significantly since initial recognition, the impairment loss is measured at an amount equal to the lifetime expected credit losses.

However, the impairment loss for trade and other receivables, etc. which do not contain any significant financial elements is always at an amount equal to the lifetime expected credit loss.

Hedge accounting

The Companies, pursuant to the provisions of hedge accounting under IFRS 9, treat items that qualify for hedge accounting not only under IAS 39 “Financial Instruments: Recognition and Measurement” but also under IFRS 9 as continuous hedging relationships.

In accordance with the transitional measures under IFRS 9, the cumulative effect is recognized as an adjustment to the opening balance of retained earnings for the year ending March 31, 2019.

Accordingly, compared with the case where the previous accounting standards would be applied, “Retained earnings” and “Investments accounted for using the equity method” are reduced by ¥3,394 million respectively at the beginning of the fiscal year.

(2) IFRS 15 “Revenue from Contracts with Customers”

The Companies have applied International Financial Reporting Standard No. 15 *Revenue from Contracts with Customers* (“IFRS 15”) from the reporting period.

In accordance with IFRS 15, the Companies recognize revenue for goods sold and services provided in the ordinary course of business, except for lease and financial instrument transaction, based on the following five-step approach.

Step 1: Identify the contract with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when the entity satisfies a performance obligation

The policies on revenue recognition and principal versus agent considerations are as follows.

Revenue from sales of tangible products

The Companies recognize revenue from sales of tangible products in connection with the Companies’ wholesale, retail, manufacturing and processing operations and real estate operations when the Companies satisfy a performance obligation by a promised good or service to a customer. 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 transfer control of a good or service over time and, therefore, satisfy a performance obligation and recognize revenue and costs over time, if certain conditions are met, from sales of tangible products under long-term construction contracts, etc., principally in connection with the construction of power plants in which the Companies provide engineering, procurement and construction service, and software development business in which the Companies customize the software to customer specifications. Progress towards complete satisfaction of a performance obligation is measured 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 revenue, costs, or extent of progress toward completion, then, revisions to the estimates are made.

Revenue from sales of services and others

The Companies also generate revenue from sales of services and others in connection with services related to software, loans, finance leases and operating leases of commercial real estate and vessels.

Revenue from maintenance related to software is recognized over the contractual period or as the services are rendered.

Revenue from loans in connection with vessels is recognized using the effective interest method over the terms of the loans.

Revenue from finance leases is calculated using the interest rate implicit in the lease.

Revenue from operating leases is recognized in profit or loss on a straight-line basis over the lease term.

Principal versus agent considerations

In the ordinary course of business, the Companies frequently act as an intermediary or an agent in executing transactions with third parties. In these arrangements, the Companies determine whether to recognize 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 period attributable to owners of the parent" are not affected by whether revenue is recognized on a gross or net basis.

The Companies determine whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the entity is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the entity is an agent). To the extent that the Companies are acting as a principal in a transaction, the Companies recognize revenue on a gross basis when or as the entity satisfies a performance obligation. To the extent that the Companies are acting as an agent in a transaction, the Companies recognize revenue on a net basis in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party when or as the entity satisfies a performance obligation.

Factors that indicate that the Companies act as a principal, and thus recognize revenue on a gross basis include:

- the Companies are primarily responsible for fulfilling the promise to provide the specified good or service;
- the Companies have inventory risk before the specified good or service has been transferred to a customer or after transfer of control to the customer; and
- the Companies have discretion in establishing the price for the specified good or service.

In addition, with the application of IFRS 15, the balance which had previously been included in “Advances from customers” in consolidated statements of financial position is presented as “Contract liabilities.”

In accordance with the transitional measures under IFRS 15, the cumulative effect is recognized as an adjustment to the opening balance of retained earnings for the year ending March 31, 2019.

Accordingly, compared with the case where the previous accounting standards would be applied, “Retained earnings” and “Investments accounted for using the equity method” increased by ¥6,664 million respectively at the beginning of the fiscal year.

Furthermore, as a result of partial review of principal versus agent considerations with the application of IFRS 15, “Revenues” and “Cost” increased by ¥270,823 million respectively for the year ended March 31, 2019.

Changes in accounting estimate :

The significant change in accounting estimate in the Consolidated Statements is as follow.

Sumitomo recognized the impairment loss of 10,431 million yen relating to the Nickel mining and refining business in Madagascar in the fiscal year ended March 31, 2019, as a result of reassessment of assets based on the latest long-term business plan and the medium and long-term trend in prices. The impairment loss is included in “Share of profit (loss) of investments accounted for using the equity method” in the Consolidated Statements of Comprehensive Income.

Segment Information

Sumitomo Corporation and Subsidiaries
For the years ended March 31, 2019 and 2018

2018:	Millions of Yen									
		Metal Products	Transportation & Construction Systems	Infrastructure	Media & Digital	Living Related & Real Estate	Mineral Resources, Energy, Chemical & Electronics	Segment Total	Corporate and Eliminations	Consolidated
Total revenues	¥	1,396,268	743,597	518,619	360,889	982,500	1,117,302	5,119,175	220,063	5,339,238
Gross profit		145,203	158,079	114,331	92,861	210,705	190,317	911,496	11,697	923,193
Share of profit (loss) of investments accounted for using the equity method		10,732	49,377	11,024	45,551	7,568	(1,489)	122,763	4,347	127,110
Profit for the year (attributable to owners of the parent)		40,479	51,954	64,374	47,464	42,084	68,491	314,846	5,677	320,523
Total assets (As of March 31)		1,245,179	1,752,518	923,098	813,196	1,243,284	1,700,969	7,678,244	238,279	7,916,523

2017:	Millions of Yen									
		Metal Products	Transportation & Construction Systems	Infrastructure	Media & Digital	Living Related & Real Estate	Mineral Resources, Energy, Chemical & Electronics	Segment Total	Corporate and Eliminations	Consolidated
Total revenues	¥	1,046,957	1,105,632	334,738	339,304	938,654	899,013	4,664,298	163,025	4,827,323
Gross profit		125,960	280,033	81,481	84,636	196,288	181,329	949,727	6,746	956,473
Share of profit (loss) of investments accounted for using the equity method		6,460	40,468	13,592	50,167	7,001	28,423	146,111	3,623	149,734
Profit for the year (attributable to owners of the parent)		35,435	70,770	35,699	59,003	34,512	78,541	313,960	(5,439)	308,521
Total assets (As of March 31)		1,169,777	1,913,980	878,044	841,477	1,139,440	1,614,120	7,556,838	213,794	7,770,632

2018:	Millions of U.S. Dollars									
		Metal Products	Transportation & Construction Systems	Infrastructure	Media & Digital	Living Related & Real Estate	Mineral Resources, Energy, Chemical & Electronics	Segment Total	Corporate and Eliminations	Consolidated
Total revenues	\$	12,579	6,699	4,672	3,251	8,852	10,066	46,119	1,982	48,101
Gross profit		1,308	1,424	1,030	837	1,898	1,715	8,212	105	8,317
Share of profit (loss) of investments accounted for using the equity method		97	445	99	410	68	(13)	1,106	39	1,145
Profit for the year (attributable to owners of the parent)		365	468	580	427	379	617	2,836	52	2,888
Total assets (As of March 31)		11,218	15,788	8,316	7,326	11,201	15,324	69,173	2,147	71,320

Notes:

- 1) The U.S. Dollar amounts represent translations of Japanese yen amounts at the rate of ¥111=US\$1.
- 2) On April 1, 2018, we reorganized our product-based business units from five to six after strategically reviewing them from the perspectives of business fields and functions, and the Overseas Subsidiaries and Branches segment has been incorporated into each business segment. Accordingly, the segment information of the previous year has been reclassified.

Earnings per share

Sumitomo Corporation and Subsidiaries

For the years ended March 31, 2019 and 2018

The calculation of the basic and diluted earnings per share for the years ended March 31, 2019 and 2018 is as follows:

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Profit used to calculate basic earnings per share and diluted earnings per share:			
Profit attributable to owners of the parent	¥ 320,523	¥ 308,521	\$ 2,888
Adjustment to profit	(32)	—	(0)
Profit used to calculate basic earnings per share	320,491	308,521	2,888
Adjustment to profit	32	—	0
Profit used to calculate diluted earnings per share	320,523	308,521	2,888
	Number of shares		
	2019	2018	
Weighted-average shares:			
Weighted-average shares-basic	1,248,622,211	1,248,398,130	
Dilutive effect of:			
Stock options	1,091,727	1,110,943	
Restricted stock	171,093	—	
Performance share unit	168,435	—	
Weighted-average shares-diluted	1,250,053,466	1,249,509,073	
	Yen		U.S. Dollars
	2019	2018	2019
Earnings per share:			
Basic	¥ 256.68	¥ 247.13	\$ 2.31
Diluted	256.41	246.91	2.31

Note: The U.S. Dollar amounts represent translations of Japanese Yen amounts at the rate of ¥111=US\$1.

Subsequent events

There are no material subsequent events to be disclosed.