

Consolidated quarterly results FY2019 (Six-month period ended September 30, 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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(URL <https://www.sumitomocorp.com/en/jp>)**1. Consolidated results for the six-month period ended September 30, 2019**

(Remarks)

Amounts are rounded to the nearest million.

% : change from the same period of the previous year.

(1) Consolidated operating results

	Revenues		Profit before tax		Profit for the period		Profit for the period attributable to owners of the parent		Comprehensive income for the period	
	(millions of yen)	(increase/ (decrease) (%)	(millions of yen)	(increase/ (decrease) (%)	(millions of yen)	(increase/ (decrease) (%)	(millions of yen)	(increase/ (decrease) (%)	(millions of yen)	(increase/ (decrease) (%)
Six-month period ended										
September 30, 2019	2,636,602	6.3	201,227	(11.6)	161,392	(13.4)	152,424	(15.0)	45,790	(83.3)
September 30, 2018	2,479,917	8.1	227,597	12.3	186,289	13.2	179,317	15.5	273,606	37.7

	Earnings per share attributable to owners of the parent (basic)	Earnings per share attributable to owners of the parent (diluted)
	(yen)	(yen)
Six-month period ended		
September 30, 2019	122.03	121.91
September 30, 2018	143.61	143.48

(2) Consolidated financial position

	Total Assets	Total equity	Equity attributable to owners of the parent	Equity attributable to owners of the parent ratio
	(millions of yen)	(millions of yen)	(millions of yen)	(%)
As of September 30, 2019	8,202,865	2,845,283	2,707,694	33.0
As of March 31, 2019	7,916,523	2,906,199	2,771,483	35.0

2. Dividends

	Cash dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Total
	(yen)	(yen)	(yen)	(yen)	(yen)
Year ended March 31, 2019	—	37.00	—	38.00	75.00
Year ending March 31, 2020	—	45.00	—	—	—
Year ending March 31, 2020 (Forecasts)	—	—	—	35.00	80.00

[Note] Revision of the latest dividend forecasts: Yes

3. Forecasts for the year ending March 31, 2020

(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	300,000	240.22

[Note] Revision of the latest forecasts: Yes

Notes

(1) Change in significant subsidiaries (changes in "Specified Subsidiaries" accompanying changes in scope of consolidation) during this period: None

(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 None

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

(3) Outstanding stocks (Common stocks)

				(shares)
(i) Outstanding stocks including treasury stock	(September 30, 2019)	1,250,985,467	(March 31, 2019)	1,250,787,667
(ii) Treasury stocks	(September 30, 2019)	1,743,044	(March 31, 2019)	1,872,865
(iii) Average stocks during six months (Apr.-Sep.)	(September 30, 2019)	1,248,841,853	(September 30, 2018)	1,248,640,395

*** This report is not subject to quarterly reviews 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 six-month period ended September 30, 2019, amounted to 2,636.6 billion yen, representing an increase of 156.7 billion yen from the same period of the previous year.

Gross profit totaled 446.9 billion yen decreased by 4.3 billion yen owing to San Cristobal silver-zinc-lead mining project in Bolivia decreased the earnings due to lower shipment volume, while the construction of large-scale projects in power infrastructure business progressed. Selling, general and administrative expenses increased by 7.8 billion yen to 323.7 billion yen.

Share of profit (loss) of investments accounted for using the equity method decreased by 24.3 billion yen to 58.5 billion yen, due to low performance of automotive related business and the absence of earnings by telecommunication business in Myanmar caused by the change of their fiscal year in the same period of the previous year.

Gain (loss) on securities and other investments increased by 10.2 billion yen to 15.7 billion yen due mainly to the one-off profit from asset replacement.

As a result, profit for the period attributable to owners of the parent totaled 152.4 billion yen, representing a decrease of 26.9 billion yen from the same period of the previous year. Basic profit(*1) totaled 142.3 billion yen, representing a decrease of 36.6 billion yen from the same period of the previous year.

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

Metal Products Business Unit posted profit of 11.1 billion yen, a decrease of 9.7 billion yen from the same period of the previous year, primarily due to decrease in earnings of tubular products business in North America and low performance of overseas steel service centers.

Transportation & Construction Systems Business Unit posted profit of 21.5 billion yen, a decrease of 11.2 billion yen from the same period of the previous year, due to decrease in earnings of automotive manufacturing business, while leasing business and construction equipment sales & marketing and rental business kept solid performance.

Infrastructure Business Unit posted profit of 39.8 billion yen, an increase of 16.7 billion yen from the same period of the previous year. In addition to the one-off profit from IPP/IWPP business, the profit

increase is due to the stable progress of construction of large-scale projects in power infrastructure business and stable performance of IPP/IWPP business.

Media & Digital Business Unit posted profit of 18.8 billion yen, a decrease of 5.7 billion yen from the same period of the previous year, due to the absence of earnings by telecommunication business in Myanmar caused by the change of their fiscal year and one-off profit from asset replacement in the same period of the previous year, while domestic major group companies kept solid performance.

Living Related & Real Estate Business Unit posted profit of 26.1 billion yen, an increase of 0.1 billion yen from the same period of the previous year. The domestic major group companies and the real estate business are keeping solid performance.

Mineral Resources, Energy, Chemical & Electronics Business Unit posted profit of 33.2 billion yen, a decrease of 13.2 billion yen from the same period of the previous year, due to decrease in earnings from San Cristobal silver-zinc-lead mining project in Bolivia impacted by lower shipment volume, and due to decrease in earnings from Nickel mining and refining business in Madagascar and companies related to coal business in Australia which were impacted mainly by lower mineral resources prices, while there was one-off profit from change in the shareholding structure of Gyxis Corporation.

(*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

2. Financial position

<Total assets, liabilities, and equity as of September 30, 2019>

Total assets stood at 8,202.9 billion yen, representing an increase of 286.3 billion yen from the previous fiscal year-end due mainly to an increase by adopting IFRS 16 (change in accounting treatment for “lease”), while decrease in asset by appreciation of Japanese yen.

Equity attributable to owners of the parent totaled 2,707.7 billion yen, decreased by 63.8 billion yen from the previous fiscal year-end, due to Japanese yen’s appreciation and the payment of dividend to shareholders, while an increase in retained earnings.

Interest-bearing liabilities (net) (*2) increased by 108.3 billion yen from the previous fiscal year-end, to 2,535.4 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 66.2 billion yen as basic profit cash flow (*3) totaled to an inflow of 155.5 billion yen as core businesses performed well in generating cash while working capital increased.

Net cash used in investing activities totaled 110.3 billion yen. In this period, we executed investments approx. 200.0 billion yen primarily for the acquisition of the parking provider in northern Europe and the acquisition of domestic real estate assets. On the other hand, we recovered funds of approx. 60.0 billion yen through the sale of offshore wind farms in the United Kingdom and the restructuring of aircraft engine leasing business.

As a result, free cash flow, representing sum of net cash provided by operating activities and net cash used in investing activities, totaled to an outflow of 44.1 billion yen.

Net cash provided by financing activities totaled 40.8 billion yen due primarily to executing borrowing despite the payment of dividend.

In consequence of the foregoing, cash and cash equivalents stood at 645.9 billion yen as of September 30, 2019, representing a decrease of 14.5 billion yen from the previous fiscal year-end.

(*2) Interest-bearing liabilities = Sum of bonds and borrowings (current and non-current)
(excluding lease liabilities)

(*3) 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(*4)

As regards to the global economy, the growth pace has become even slower. U.S. economy continues to recover gradually not exceeding the level of the potential growth rate and the growth rate in Euro area also stay at sluggish level while there are some signs of recovery. In emerging countries, growth pace of Chinese economy is decelerating even further and there is lack of bullishness in growth for other Asian countries. As for the domestic economy, economic activities have become weaken in specific part of the country due to lower export and the impacts from natural disasters. As we anticipate the execution of the economic-stimulus measures in some countries, the immediate adverse influences on the economy is expected to be avoided, however, the growth pace will be moderate for the moment. There will be some

down-side risks, such as, the increase in uncertainties due to trade friction and the change in political climate and social landscape, debt problems in emerging countries, and the increase in geopolitical risks in the Asian and Middle Eastern countries.

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

	Initial forecasts	Revised forecasts	Increase/Decrease	Increase/Decrease (%)
Profit for the year (attributable to owners of the parent)	340 bil. yen	300 bil. yen	-40 bil. yen	-11 .8%

As for the forecasts for fiscal year ending March 31, 2020, we have revised our annual forecast of profit for the year attributable to owners of the parent to 300.0 billion yen, 40.0 billion yen down from the initial forecast announced in May 2019. We expect impacts from delay in demand recovery of tubular products market in North America and impacts from lower performance of automotive related business. In addition, we also expect impacts from lower mineral resources prices in mineral resources business, such as coal prices.

(*4) 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 annual forecast of profit for the year attributable to owners of the parent is revised to 300.0 billion yen, the annual ordinary dividend for fiscal year ending March 31, 2020 is revised to 70 yen per share (latest projection was 80 yen per share). In addition to the ordinary 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 80 yen per share (latest projection was 90 yen per share). The interim dividend is the sum of ordinary dividend of 35 yen per share (half of the amount of planned annual ordinary dividend) and commemorative dividend of 10 yen: 45 yen per share.

Condensed Consolidated Statements of Financial Position

Sumitomo Corporation and Subsidiaries
As of September 30, 2019 and March 31, 2019

	Millions of Yen		Millions of U.S. Dollars
	September 30, 2019	March 31, 2019	September 30, 2019
ASSETS			
Current assets:			
Cash and cash equivalents	¥ 645,884	¥ 660,359	\$ 5,980
Time deposits	9,980	10,492	92
Marketable securities	2,207	1,989	20
Trade and other receivables	1,258,257	1,340,451	11,651
Other financial assets	74,808	62,692	693
Inventories	987,266	925,204	9,141
Advance payments to suppliers	158,222	161,037	1,465
Assets classified as held for sale	—	56,034	—
Other current assets	344,921	329,392	3,194
Total current assets	3,481,545	3,547,650	32,236
Non-current assets:			
Investments accounted for using the equity method	2,085,745	2,130,517	19,312
Other investments	409,585	429,532	3,792
Trade and other receivables	370,702	371,420	3,432
Other financial assets	75,761	75,576	701
Property, plant and equipment	1,059,634	746,647	9,811
Intangible assets	305,924	259,759	2,833
Investment property	333,782	275,273	3,091
Biological assets	20,797	22,858	193
Prepaid expenses	20,629	21,043	192
Deferred tax assets	38,761	36,248	359
Total non-current assets	4,721,320	4,368,873	43,716
Total assets	¥ 8,202,865	¥ 7,916,523	\$ 75,952

Note: The U.S. Dollar amounts represent translations of Japanese Yen amounts at the rate of ¥108=US\$1.

Condensed Consolidated Statements of Financial Position

Sumitomo Corporation and Subsidiaries
As of September 30, 2019 and March 31, 2019

	Millions of Yen		Millions of U.S. Dollars
	September 30, 2019	March 31, 2019	September 30, 2019
LIABILITIES AND EQUITY			
Current liabilities:			
Bonds and borrowings	¥ 726,317	¥ 682,349	\$ 6,725
Trade and other payables	1,044,734	1,178,542	9,673
Lease liabilities	55,495	11,717	514
Other financial liabilities	57,736	50,787	535
Income tax payables	32,954	28,467	305
Accrued expenses	90,679	94,019	840
Contract liabilities	121,981	132,693	1,129
Provisions	4,617	8,356	43
Liabilities associated with assets classified as held for sale	—	8,841	—
Other current liabilities	64,880	82,935	601
Total current liabilities	2,199,393	2,278,706	20,365
Non-current liabilities:			
Bonds and borrowings	2,464,954	2,415,606	22,824
Trade and other payables	57,289	57,775	530
Lease liabilities	440,747	56,637	4,081
Other financial liabilities	20,216	23,660	187
Accrued pension and retirement benefits	32,068	34,869	297
Provisions	44,666	46,364	413
Deferred tax liabilities	98,249	96,707	910
Total non-current liabilities	3,158,189	2,731,618	29,242
Total liabilities	5,357,582	5,010,324	49,607
Equity:			
Common stock	219,613	219,449	2,033
Additional paid-in capital	257,213	258,292	2,382
Treasury stock	(2,328)	(2,501)	(22)
Other components of equity	115,183	234,937	1,067
Retained earnings	2,118,013	2,061,306	19,611
Equity attributable to owners of the parent	2,707,694	2,771,483	25,071
Non-controlling interests	137,589	134,716	1,274
Total equity	2,845,283	2,906,199	26,345
Total liabilities and equity	¥ 8,202,865	¥ 7,916,523	\$ 75,952

Note: The U.S. Dollar amounts represent translations of Japanese Yen amounts at the rate of ¥108=US\$1.

Condensed Consolidated Statements of Comprehensive Income

Sumitomo Corporation and Subsidiaries

For the six-month periods ended September 30, 2019 and 2018

	Millions of Yen		Millions of U.S. Dollars	
	2019	2018	2019	
Revenues				
Sales of tangible products	¥ 2,405,381	¥ 2,246,704	\$ 22,272	
Sales of services and others	231,221	233,213	2,141	
Total revenues	2,636,602	2,479,917	24,413	
Cost				
Cost of tangible products sold	(2,075,196)	(1,872,311)	(19,215)	
Cost of services and others	(114,519)	(156,404)	(1,060)	
Total cost	(2,189,715)	(2,028,715)	(20,275)	
Gross profit	446,887	451,202	4,138	
Other income (expenses)				
Selling, general and administrative expenses	(323,714)	(315,952)	(2,997)	
Impairment losses on long-lived assets	(197)	(48)	(2)	
Gain (loss) on sale of long-lived assets, net	3,285	609	30	
Other, net	4,485	1,911	42	
Total other income (expenses)	(316,141)	(313,480)	(2,927)	
Finance income (costs)				
Interest income	14,164	14,351	131	
Interest expense	(24,431)	(19,861)	(226)	
Dividends	6,625	7,226	61	
Gain (loss) on securities and other investments, net	15,672	5,446	145	
Finance income (costs), net	12,030	7,162	111	
Share of profit (loss) of investments accounted for using the equity method	58,451	82,713	541	
Profit before tax	201,227	227,597	1,863	
Income tax expense	(39,835)	(41,308)	(369)	
Profit for the period	161,392	186,289	1,494	
Profit for the period attributable to:				
Owners of the parent	¥ 152,424	¥ 179,317	\$ 1,411	
Non-controlling interests	8,968	6,972	83	
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Financial assets measured at fair value through other comprehensive income	(15,419)	11,423	(143)	
Remeasurements of defined benefit pension plans	3,623	4,598	34	
Share of other comprehensive income of investments accounted for using the equity method	(13)	1,000	0	
Total items that will not be reclassified to profit or loss	(11,809)	17,021	(109)	
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translating foreign operations	(80,535)	59,984	(746)	
Cash-flow hedges	633	4,633	6	
Share of other comprehensive income of investments accounted for using the equity method	(23,891)	5,679	(221)	
Total items that may be reclassified subsequently to profit or loss	(103,793)	70,296	(961)	
Other comprehensive income, net of tax	(115,602)	87,317	(1,070)	
Comprehensive income for the period	45,790	273,606	424	
Comprehensive income for the period attributable to:				
Owners of the parent	¥ 37,737	¥ 266,452	\$ 349	
Non-controlling interests	8,053	7,154	75	

Note: The U.S. Dollar amounts represent translations of Japanese Yen amounts at the rate of ¥108=US\$1.

Condensed Consolidated Statements of Changes in Equity
Sumitomo Corporation and Subsidiaries
For the six-month periods ended September 30, 2019 and 2018

For the six-month periods ended September 30, 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	219,449	258,292	(2,501)	234,937	2,061,306	2,771,483	134,716	2,906,199
Impact of changes in accounting policies					(53,325)	(53,325)	(909)	(54,234)
Balance, beginning of year after changes in accounting policies	219,449	258,292	(2,501)	234,937	2,007,981	2,718,158	133,807	2,851,965
Profit for the period					152,424	152,424	8,968	161,392
Other comprehensive income for the period				(114,687)		(114,687)	(915)	(115,602)
Comprehensive income for the period						37,737	8,053	45,790
Transaction with owners:								
Share-based payment transactions	164	164				328		328
Acquisition (disposal) of non-controlling interests, net		(848)				(848)	258	(590)
Acquisition (disposal) of treasury stock, net			173			173		173
Cash dividends to owners of the parent					(47,459)	(47,459)		(47,459)
Cash dividends to non-controlling interests							(4,529)	(4,529)
Others		(395)				(395)		(395)
Transfer to retained earnings				(5,067)	5,067	—		—
Balance, end of period	219,613	257,213	(2,328)	115,183	2,118,013	2,707,694	137,589	2,845,283

For the six-month periods ended September 30, 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	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 period					179,317	179,317	6,972	186,289
Other comprehensive income for the period				87,135		87,135	182	87,317
Comprehensive income for the period						266,452	7,154	273,606
Transaction with owners:								
Share-based payment transactions	170	170				340		340
Acquisition (disposal) of non-controlling interests, net		(127)				(127)	(418)	(545)
Acquisition (disposal) of treasury stock, net			112			112		112
Cash dividends to owners of the parent					(42,450)	(42,450)		(42,450)
Cash dividends to non-controlling interests							(4,623)	(4,623)
Others		223				223		223
Transfer to retained earnings				(12,276)	12,276	—		—
Balance, end of period	219,449	265,392	(2,684)	323,423	1,980,400	2,785,980	138,274	2,924,254

For the six-month periods ended September 30, 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	2,031	2,392	(23)	2,176	19,086	25,662	1,247	26,909
Impact of changes in accounting policies					(494)	(494)	(8)	(502)
Balance, beginning of year after changes in accounting policies	2,031	2,392	(23)	2,176	18,592	25,168	1,239	26,407
Profit for the period					1,411	1,411	83	1,494
Other comprehensive income for the period				(1,062)		(1,062)	(8)	(1,070)
Comprehensive income for the period						349	75	424
Transaction with owners:								
Share-based payment transactions	2	2				4		4
Acquisition (disposal) of non-controlling interests, net		(8)				(8)	2	(6)
Acquisition (disposal) of treasury stock, net			1			1		1
Cash dividends to owners of the parent					(439)	(439)		(439)
Cash dividends to non-controlling interests							(42)	(42)
Others		(4)				(4)		(4)
Transfer to retained earnings				(47)	47	—		—
Balance, end of period	2,033	2,382	(22)	1,067	19,611	25,071	1,274	26,345

Note: The U.S. Dollar amounts represent translations of Japanese Yen amounts at the rate of ¥108=US\$1.

Condensed Consolidated Statements of Cash Flows

Sumitomo Corporation and Subsidiaries

For the six-month periods ended September 30, 2019 and 2018

	Millions of Yen		Millions of
	2019	2018	U.S. Dollars
Operating activities:			
Profit for the period	¥ 161,392	¥ 186,289	\$ 1,494
Adjustments to reconcile profit for the period to net cash provided by operating activities:			
Depreciation and amortization	77,336	56,043	716
Impairment losses on long-lived assets	197	48	2
Finance (income) costs, net	(12,030)	(7,162)	(111)
Share of (profit) loss of investments accounted for using the equity method	(58,451)	(82,713)	(541)
(Gain) loss on sale of long-lived assets, net	(3,285)	(609)	(30)
Income tax expense	39,835	41,308	369
Increase in inventories	(50,538)	(51,774)	(468)
Decrease (increase) in trade and other receivables	49,177	(71,786)	455
Increase in prepaid expenses	(10,503)	(15,501)	(97)
(Decrease) increase in trade and other payables	(109,823)	78,360	(1,017)
Other, net	(69,674)	(85,681)	(645)
Interest received	14,079	14,289	130
Dividends received	78,778	68,773	729
Interest paid	(24,622)	(19,823)	(228)
Income tax paid	(15,635)	(21,045)	(145)
Net cash provided by operating activities	66,233	89,016	613
Investing activities:			
Proceeds from sale of property, plant and equipment	1,440	5,621	13
Purchase of property, plant and equipment	(36,270)	(58,429)	(336)
Proceeds from sale of investment property	3,214	—	30
Purchase of investment property	(17,263)	(5,932)	(160)
Proceeds from sale of other investments	60,138	86,854	557
Acquisition of other investments	(116,672)	(67,771)	(1,080)
Collection of loan receivables	11,018	54,013	102
Increase in loan receivables	(15,916)	(28,080)	(147)
Net cash used in investing activities	(110,311)	(13,724)	(1,021)
Free Cash Flows:	(44,078)	75,292	(408)
Financing activities:			
Net increase in short-term debt	103,898	9,367	962
Proceeds from issuance of long-term debt	248,577	175,134	2,302
Repayment of long-term debt	(259,716)	(193,119)	(2,405)
Cash dividends paid	(47,459)	(42,450)	(439)
Capital contribution from non-controlling interests	2,314	—	21
Payment for acquisition of subsidiary's interests from non-controlling interests	(2,316)	(194)	(22)
Payment of dividends to non-controlling interests	(4,529)	(4,623)	(42)
(Acquisition) disposal of treasury stock, net	64	109	1
Net cash provided by (used in) financing activities	40,833	(55,776)	378
Net (decrease) increase in cash and cash equivalents	(3,245)	19,516	(30)
Cash and cash equivalents at the beginning of year	660,359	667,152	6,114
Effect of exchange rate changes on cash and cash equivalents	(11,726)	16,301	(109)
Net increase in cash and cash equivalents resulting from transfer to assets classified as held for sale	496	4,512	5
Cash and cash equivalents at the end of period	¥ 645,884	¥ 707,481	\$ 5,980

Note: The U.S. Dollar amounts represent translations of Japanese Yen amounts at the rate of ¥108=US\$1.

Assumptions for Going Concern

: None

Changes in accounting policies and others

:

Significant accounting policies applied in this summary of the consolidated financial statements for the six months period ended September 30, 2019, remain the same as those applied in the consolidated financial statements for the previous fiscal year, except for the items below.

(1) IFRS 16 “Leases”

The Companies have applied International Financial Reporting Standard No.16 *Leases* (“IFRS 16”) from the reporting period. For leases that the Companies as lessee previously classified as operating leases applying International Accounting Standard No.17 *Leases* (“IAS 17”), right-of-use assets and lease liabilities are recognized at the date of initial application.

At inception of a contract, the Companies assess whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

If a contract is, or contains, a lease, the Companies recognize right-of-use assets and lease liabilities on the consolidated statement of financial position at the commencement date. The Companies recognize the lease payments associated with short-term leases as an expense on a straight-line basis over the lease term.

Right-of-use assets are measured by using the cost model and are measured at cost less any accumulated depreciation and accumulated impairment losses.

An acquisition cost of right-of-use assets includes the amount of the initial measurement of lease liabilities adjusted for initial direct costs and any lease payments made at or before the commencement date. Right-of-use assets are depreciated using the straight-line method over its lease terms.

Lease liabilities are initially measured at the discounted present value of unpaid lease payments at the commencement date of the contract. Lease payments are allocated into finance costs and the portion of the balance of lease liabilities, to ensure that the interest rate remains constant for the balance of lease liabilities. Finance costs are presented separately from the depreciation of the right-of-use assets in the consolidated statement of comprehensive income.

In addition, “Lease liabilities,” which were previously included in “Trade and other payables” in the consolidated statement of financial position, have increased as a result of application of IFRS 16. It has been presented independently from the reporting period. In order to reflect this change in presentation, the consolidated financial statements for the previous fiscal year have been reclassified.

Accordingly, Finance lease obligations that were included in “Trade and Other Payables” in the consolidated statement of financial position for the previous fiscal year have been reclassified to “lease liabilities.” The reclassified amount was ¥68,354 million.

Right-of-use assets were included in “Inventories,” “Property, plant and equipment,” “Intangible assets” and “Investment property.”

In accordance with the transitional measures under IFRS 16 (the modified retrospective approach), the

cumulative effect is recognized as an adjustment to the opening balance of retained earnings for the year ended March 31, 2020.

Accordingly, compared with the case where the previous accounting standards would be applied, total assets increased by ¥391,100 million, total liabilities increased by ¥415,116 million and retained earnings decreased by ¥23,107 million each at the beginning of the year ended March 31, 2020.

In addition, cash flows from operating activities increased, and cash flows from financing activities decreased by the same amount, as lease payments of the principal of lease liabilities are classified as financing activities in the consolidated statement of cash flows.

The weighted average of the Company's incremental borrowing rate applied to lease liabilities on the consolidated statement of financial position at the date of initial application is 1.3%.

The following is a reconciliation of non-cancellable operating leases contracts based on IAS 17 as of March 31, 2019 and lease liabilities recognized in the consolidated statement of financial position at the date of initial application.

(Millions of Yen)

Non-cancellable operating leases contracts	322,421
The weighted average of the Company's incremental borrowing rate	1.3%
Non-cancellable operating leases contracts (after discount)	304,390
Finance lease obligations	68,354
Cancellable operating leases contracts, etc.	107,150
Lease liabilities	479,894

In applying IFRS 16, the Companies have elected the practical expedient and assesses whether contracts contain leases in accordance with IAS 17 and IFRIC 4 “*Determining whether an Arrangement contains a Lease.*”

The following practical expedients are used in the application of IFRS 16.

- Leases for which the lease term ends within 12 months of the date of initial application are accounted for in the same way as short-term leases.
- Initial direct costs are excluded from the measurement of right-of-use assets at the date of initial application.
- The Companies use hindsight to calculate the lease term for lease contracts including options to extend or terminate the lease.

(2) IAS 28 “Investments in Associates and Joint Ventures”

The Companies have applied amendments of International Financial Reporting Standard No.28 *Investments in Associates and Joint Ventures* (“IAS 28”) from the reporting period. The amendments clarified the accounting for long-term interests in associates and joint ventures. As a result, the Companies have recognized impairment loss by applying IFRS 9 “*Financial Instruments*” to long-term interests before applying the equity method.

In accordance with the transitional measures under the amendments of IAS 28, the cumulative effect is

recognized as an adjustment to the opening balance of retained earnings for the year ended March 31, 2020.

Accordingly, compared with the case where the previous accounting standards would be applied, “Trade and other receivables” and “Retained earnings” decreased by ¥30,218 million each at the beginning of the year ended March 31, 2020.

Segment Information

Sumitomo Corporation and Subsidiaries
For the six-month periods ended September 30, 2019 and 2018

2019:	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	¥	616,931	389,892	309,687	188,091	490,224	545,640	2,540,465	96,137	2,636,602
Gross profit		58,447	79,716	66,128	48,830	105,840	82,221	441,182	5,705	446,887
Share of profit (loss) of investments accounted for using the equity method		4,158	17,977	6,796	19,807	5,174	2,835	56,747	1,704	58,451
Profit for the period (attributable to owners of the parent)		11,129	21,491	39,809	18,779	26,054	33,193	150,455	1,969	152,424
Total assets (As of September 30)		1,210,467	1,752,713	918,162	858,717	1,512,131	1,629,967	7,882,157	320,708	8,202,865

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	¥	638,335	369,334	208,861	168,504	503,297	488,163	2,376,494	103,423	2,479,917
Gross profit		73,743	76,542	48,618	42,768	107,851	96,660	446,182	5,020	451,202
Share of profit (loss) of investments accounted for using the equity method		5,015	26,976	7,911	24,562	5,751	10,306	80,521	2,192	82,713
Profit for the period (attributable to owners of the parent)		20,866	32,644	23,078	24,443	25,961	46,423	173,415	5,902	179,317
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

2019:	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	\$	5,712	3,610	2,868	1,742	4,539	5,052	23,523	890	24,413
Gross profit		541	738	612	452	980	762	4,085	53	4,138
Share of profit (loss) of investments accounted for using the equity method		39	166	63	183	48	26	525	16	541
Profit for the period (attributable to owners of the parent)		103	199	369	174	241	307	1,393	18	1,411
Total assets (As of September 30)		11,208	16,229	8,502	7,951	14,001	15,092	72,983	2,969	75,952

Notes:

1) The U.S. Dollar amounts represent translations of Japanese yen amounts at the rate of ¥108=US\$1.

2) On October 1, 2018, Smart city project in North Hanoi, Vietnam was transferred from Living Related & Real Estate Business Unit to Infrastructure Business Unit.

Accordingly, the segment information of the same period of the previous year has been reclassified.