

**Highlights of consolidated semiannual results 2003 (Six-month period ended September 30, 2003)**

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 October 30, 2003

**Sumitomo Corporation**

[Prepared on the basis of accounting principles generally accepted in the United States of America]

Unit: 100 millions of yen (rounded to the nearest 100 million)

Consolidated Income	Apr. 1-Sep. 30, 2003	Apr. 1-Sep. 30, 2002	increase/(decrease)		Summary
			amount	percentage(%)	
Total trading transactions	43,336	45,685	(2,350)	(5.1)	<u>Total trading transactions</u> · Appreciation of the yen · Withdrawal from less profitable businesses
Gross trading profit	2,424	2,376	48	2.0	<u>Gross trading profit</u> (Businesses which showed strong performances) · Acquisition of steel products business from Nichimen Corporation · Steel service centers operation in Asia · Sumisho Auto Leasing · Automobile lease & finance business in Asia · Automobile distributor business in Turkey · Retail businesses including Summit (food supermarket chain) etc.
Selling, general and administrative expenses	(2,071)	(2,019)	(52)	(2.6)	(Businesses which showed weak performances) · Decrease of condominium sales in Tokyo Metropolitan area compared with the same period of the previous year which showed strong performance · PVC pipe business in the U.S. · Coal business in Australia
(Provision for)/reversal of allowance for doubtful receivables	(10)	30	(40)	-	<u>Selling, general and administrative expenses</u> · Increase in personnel expenses due to an increase of retirement benefit expenses and the expansion of business activities at subsidiaries
Operating income	343	387	(44)	(11.3)	<u>Interest expense, net of interest income</u> · Improved by lower interest rates of U.S. dollars
Interest expense, net of interest income	(23)	(31)	8	25.3	<u>Gain on sale of marketable securities and investments, net</u> · Sales of securities mainly of financial institutions
Dividends	41	34	7	20.2	<u>Valuation loss on marketable securities and investments</u> · Losses on overseas information and telecommunication related investments were recorded during the same period of the previous year
Gain on sale of marketable securities and investments, net	136	52	83	158.6	<u>Other, net</u> · Settlement paid on copper trading litigation · Gains on sales of certain buildings were recorded during the same period of the previous year
Valuation loss on marketable securities and investments	(21)	(143)	122	85.5	<u>Equity in earnings of associated companies</u> · Jupiter Telecommunications recorded profit for the first time · Improvements in LNG Japan · Strong performances in Sumisho Lease, Jupiter Programming, MS Communications, etc.
Other, net	(50)	59	(109)	-	
Income before income taxes, minority interests in earnings of subsidiaries, and equity in earnings of associated companies	427	359	67	18.7	
Income taxes	(181)	(152)	(29)	(19.1)	
Income before minority interests in earnings of subsidiaries and equity in earnings of associated companies	245	207	38	18.4	
Minority interests in earnings of subsidiaries	(34)	(29)	(5)	(15.3)	
Equity in earnings of associated companies	92	36	56	154.0	
Net income	304	214	90	41.9	
Calculation for reference*	308	245	62	25.4	

\*Calculation: (Gross trading profit+Selling, general and administrative expenses+Interest expenses, net of interest income+Dividends) × 58%+ Equity in earnings of associated companies

Segment Information	Gross trading profit			Operating income			Net income		
	Apr. 1-Sep. 30, 2003	Apr. 1-Sep. 30, 2002	increase/(decrease)	Apr. 1-Sep. 30, 2003	Apr. 1-Sep. 30, 2002	increase/(decrease)	Apr. 1-Sep. 30, 2003	Apr. 1-Sep. 30, 2002	increase/(decrease)
Metal Products	205	182	23	58	51	7	36	37	(1)
Transportation & Construction Systems	470	422	48	95	84	12	60	44	16
Machinery & Electric	100	87	13	(17)	(30)	12	(4)	(26)	22
Media, Electronics & Network	199	182	17	26	10	16	35	(40)	75
Chemical	110	121	(11)	12	18	(5)	8	12	(4)
Mineral Resources & Energy	126	148	(23)	3	19	(17)	19	21	(1)
Consumer Goods & Service	456	439	17	57	63	(6)	28	29	(1)
Materials & Real Estate	244	252	(7)	53	99	(46)	23	39	(16)
Financial & Logistics	74	70	4	5	4	1	7	6	1
Domestic Regional Business Units and Offices	198	251	(53)	20	22	(1)	15	4	11
Overseas Subsidiaries and Branches	279	286	(7)	35	31	4	35	31	4
Segment Total	2461	2440	21	347	370	(23)	263	157	105
Corporate and Eliminations	(37)	(64)	27	(4)	17	(21)	41	57	(16)
Consolidated	2424	2376	48	343	387	(44)	304	214	90

Note: Operating income is presented in a manner customarily used in Japan solely for Japanese investors' purposes.

**Caution Concerning Forward-Looking Statements**

This report includes forward-looking statements relating to our future plans, 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 Company is under no obligation -- and expressly disclaims any such obligation -- to update or alter its forward-looking statements.

Unit: 100 millions of yen (rounded to the nearest 100 million)

Assets and Liabilities	As of Sep.30, 2003	As of Mar.31, 2003	increase/ (decrease)
Total assets	48,711	48,637	74
Total shareholders' equity	7,067	6,263	805
Shareholders' equity ratio	14.5%	12.9%	1.6points
Working Capital	4,004	3,469	536
Interest - bearing liabilities, net	24,589	25,028	(439)
Debt - equity ratio, net (times)	3.5	4.0	(0.5points)

Summary
<u>Shareholders' equity ratio</u>
•Improved by 1.6 points, due to the increase of shareholders' equity affected by the increase of retained earnings and the recovery of stock prices, while total assets slightly increased.
<u>Working Capital</u>
•Increased as a result of shifting partly from short-term funding to long-term funding and keeping the level of liquidity.
<u>Debt - equity ratio, net (times)</u>
•Improved by 0.5points, due to the decrease of interest-bearing liabilities and increase of shareholders' equity.

Cash Flows	Apr.1-Sep.30, 2003	Apr.1-Sep.30, 2002
Net cash provided by operating activities	355	979
Net cash provided by investing activities	151	25
<i>Free Cash Flow</i>	<i>507</i>	<i>1,004</i>
Net cash used in financing activities	(452)	(1,008)
Effect of exchange rate changes on cash and cash equivalents	10	(30)
Net increase (decrease) in cash and cash equivalents	65	(33)

Summary
<u>Free Cash Flow</u>
•Net cash provided by operating activities was 35.5 billion yen. Net cash provided by investing activities was 15.1 billion yen as a net result of proceeds from unwinding of cross-shareholdings, strategic investments and other items. As a result, free cash flow was 50.7 billion yen.
<u>Net cash used in financing activities</u>
•Net cash used in financing activities was 45.2 billion yen, as a result of repaying the interest-bearing liabilities. •To ensure stable funding and sufficient liquidity, short-term funding was partly replaced to long-term funding.

Targets Year ending March 31, 2004	revised in Oct., 2003 (A)	announced in Apr., 2003 (B)	increase/ (decrease) (A)-(B)
Total trading transactions	91,000	93,000	(2,000)
Gross trading profit	5,100	5,250	(150)
Selling, general and administrative expenses	(4,170)	(4,220)	50
Provision for doubtful receivables	(30)	(30)	0
Operating income	900	1,000	(100)
Interest expense, net of interest income	(50)	(80)	30
Dividends	60	60	0
Gain on sale of marketable securities and investments, net	}	(150)	110
Valuation loss on marketable securities and investments			
Other, net			
Income before income taxes, minority interests in earnings of subsidiaries, and equity in earnings of associated companies	870	830	40
Income taxes	(380)	(315)	(65)
Income before minority interests in earnings of subsidiaries and equity in earnings of associated companies	490	515	(25)
Minority interest in earnings of subsidiaries	(70)	(65)	(5)
Equity in earnings of associated companies	180	150	30
Net income	600	600	0
Calculation for reference*	725	736	(11)

Results Year ended March 31, 2003 (C)	increase/(decrease) (A)-(C)	
	amount	percentage(%)
92,296	(1,296)	(1.4)
4,964	136	2.7
(4,063)	(107)	(2.6)
(8)	(22)	(275.0)
893	7	0.8
(60)	10	16.7
64	(4)	(6.3)
(708)	668	94.4
188	682	362.8
60	(440)	-
249	241	96.8
(64)	(6)	(9.4)
98	82	83.7
283	317	112.0
622	103	16.6

\*Calculation: (Gross trading profit+Selling, general and administrative expenses+Interest expenses, net of interest income+Dividends)×58%+Equity in earnings of associated companies

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