

# Highlights of consolidated annual results 2003 (Year ended March 31, 2004)

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April 28, 2004

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

Sumitomo Corporation

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

Consolidated Income	Year ended	Year ended	increase/(decrease)		Summary
	March 31, 2004 (A)	March 31, 2003 [Restated] (B)	amount (A)-(B)	percentage	
Gross profit	5,013	4,964	49	1.0%	<b>Gross profit</b> (Positive effects and businesses which showed strong performances) • Acquisition of steel products business from Nichimen Corporation • Automobile lease and finance business in Japan and Asia • Automobile distributor business in Turkey • Retail businesses including Summit (food supermarket chain)
Other income (expenses) :					(Negative effects and businesses which showed weak performances) • Temporary production slow-down of Coal business in Australia • Impairment loss and loss on sale of real estate for sale • Decrease in condominiums sales in Tokyo metropolitan area compared with the previous year which showed a strong performance
Selling, general and administrative expenses	(4,224)	(4,063)	(160)	(3.9%)	<b>Selling, general and administrative expenses</b> • Increase in personnel expenses due to the expansion of business activities at subsidiaries • Increase in retirement benefit expenses • Increase in amortization of software
Personnel expenses	(2,178)	(2,059)	(120)	(5.8%)	
Facility related expenses	(765)	(759)	(6)	(0.8%)	
Other, net	(1,280)	(1,245)	(34)	(2.8%)	
Settlements received (paid) on copper trading litigation	(71)	2	(73)	-	<b>Settlements received (paid) on copper trading litigation</b> • Settlement paid during this year
Provision for doubtful receivables	(80)	(56)	(24)	(43.5%)	
Provision for doubtful receivables and others in specific countries	-	(48)	-	-	
Impairment losses on long-lived assets	(52)	(204)	152	74.6%	<b>Impairment losses on long-lived assets</b> • Impairment losses on aircraft and real estate
Gain on sale of property and equipment, net	133	33	100	305.7%	
Interest expense, net of interest income	(64)	(60)	(4)	(6.1%)	
Dividends	69	64	6	8.8%	
Loss on valuation of marketable securities and investments, net	(232)	(661)	429	64.8%	
Gain on sale of marketable securities and investments, net	396	190	206	108.4%	<b>Gain on sale of property and equipment, net</b> • Sales of commercial rent premises
Equity in earnings of associated companies, net	207	98	109	111.8%	
Other, net	(5)	(20)	15	75.9%	<b>Loss on valuation of marketable securities and investments, net</b> • Losses on information and telecommunication related investments • Losses on securities mainly of Japanese financial institutions were recognized during the previous year
Total other income (expenses)	(3,923)	(4,678)	756	16.1%	
Income before income taxes and minority interests in earnings of subsidiaries	1,090	286	804	281.2%	<b>Gain on sale of marketable securities and investments, net</b> • Gain on securities mainly of Japanese financial institutions
Income taxes	(357)	(84)	(273)	(326.3%)	
Income before minority interests in earnings of subsidiaries	733	202	531	262.6%	<b>Equity in earnings of associated companies, net</b> • Jupiter Telecommunications recorded a profit for the first time • Improvement in the Batu Hijau copper and gold mine project • Strong performances in Sumisho Lease, Jupiter Programming, etc.
Minority interests in earnings of subsidiaries, net	(67)	(64)	(4)	(5.7%)	
Net income	666	139	527	380.2%	<b>Total trading transactions</b> • Almost at the same level as the previous fiscal year • Decreases from the appreciation of the yen and the withdrawal from less profitable businesses • Increase from the effects of rises in the prices of international commodities
Total trading transactions	91,979	92,296	(317)	(0.3%)	
Note: Total trading transactions is presented in a manner customarily used in Japan solely for Japanese investors' purposes.					
Operating income	710	893	(183)	(20.5%)	
Note: Operating income is presented in a manner customarily used in Japan solely for Japanese investors' purposes.					
Basic profit (Calculation for reference)*	668	622	46	7.3%	

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

Segment Information	Gross profit			Net income			Assets		
	Year ended March 31, 2004	Year ended March 31, 2003	increase/ (decrease)	Year ended March 31, 2004	Year ended March 31, 2003 [Restated]	increase/ (decrease)	As of March 31, 2004	As of March 31, 2003 [Restated]	increase/ (decrease)
Metal Products	420	372	48	76	63	13	3,904	3,441	463
Transportation & Construction Systems	986	862	124	96	56	39	7,930	7,649	281
Machinery & Electric	282	286	(4)	18	18	0	4,357	4,512	(155)
Media, Electronics & Network	408	409	(1)	75	85	(11)	3,750	3,392	357
Chemical	228	236	(8)	(1)	11	(12)	1,749	1,865	(116)
Mineral Resources & Energy	271	316	(45)	71	39	33	3,457	3,095	362
Consumer Goods & Service	904	861	44	58	53	5	3,046	2,715	331
Materials & Real Estate	478	484	(6)	92	16	75	6,153	4,496	1,657
Financial & Logistics	157	155	2	24	20	4	1,935	1,615	320
Domestic Regional Business Units and Offices	404	512	(107)	17	(49)	65	3,793	5,698	(1,905)
Overseas Subsidiaries and Branches	558	593	(36)	70	71	(1)	4,933	5,037	(104)
Segment Total	5,096	5,085	11	595	384	210	45,005	43,514	1,491
Corporate and Eliminations	(83)	(120)	38	72	(245)	317	5,120	5,047	73
Consolidated	5,013	4,964	49	666	139	527	50,125	48,562	1,563

**Sumitomo Corporation**

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

Assets and Liabilities	As of	As of	increase/ (decrease)
	March 31, 2004	March 31, 2003 [Restated]	
Total assets	50,125	48,562	1,563
Total shareholders' equity	7,308	6,187	1,121
Shareholders' equity ratio	14.6%	12.7%	1.9points
Working Capital	6,940	3,469	3,472
Interest - bearing liabilities, net	23,776	25,028	(1,252)
Debt - equity ratio, net (times)	3.3	4.0	(0.7points)

Summary
<b>Total assets</b> • Increased mainly due to the increases of operating assets by expanding the earnings base and increases in value of marketable equity securities reflecting the rise of stock prices.
<b>Total shareholders' equity</b> • Increased due to the increases of retained earnings and net unrealized gains on securities available-for-sale.
<b>Working Capital</b> • Increased as a result of raising long-term debt and increasing cash and cash equivalents.
<b>Debt - equity ratio, net (times)</b> • Improved due to the decrease of interest-bearing liabilities and the increase in shareholders' equity.

Cash Flows	Year ended	Year ended
	March 31, 2004	March 31, 2003
Net cash provided by operating activities	618	670
Net cash provided by (used in) investing activities	579	(599)
<i>Free Cash Flow</i>	<i>1,197</i>	<i>72</i>
Net cash provided by (used in) financing activities	(236)	430
Effect of exchange rate changes on cash and cash equivalents	(49)	(25)
Net increase in cash and cash equivalents	912	476

Summary
<b>Free Cash Flow</b> • Net cash provided by operating activities was 61.8 billion yen. Net cash provided by investing activities was 57.9 billion yen as a net result of proceeds from sales of marketable securities and strategic investments. As a result, free cash flow was 119.7 billion yen.
<b>Net cash provided by (used in) financing activities</b> • Net cash used in financing activities was 23.6 billion yen, as a result of repaying short-term debt, while long-term debt was raised to ensure stable funding.

Targets (Year ending March 31, 2005)	Year ending	Year ended	increase/(decrease)	
	March 31, 2005 (C)	March 31, 2004 (D)	amount (C)-(D)	percentage
Gross profit	5,300	5,013	287	5.7%
Other income (expenses) :				
Selling, general and administrative expenses	(4,300)	(4,224)	(76)	(1.8%)
Interest expense, net of interest income	(70)	(64)	(6)	(9.4%)
Dividends	60	69	(9)	(13.0%)
Equity in earnings of associated companies, net	350	207	143	69.1%
Provision for doubtful receivables and net of other income (expenses)	(150)	89	(239)	-
Total other income (expenses)	(4,110)	(3,923)	(187)	(4.8%)
Income before income taxes and minority interests in earnings of subsidiaries	1,190	1,090	100	9.2%
Income taxes	(410)	(357)	(53)	(14.8%)
Income before minority interests in earnings of subsidiaries	780	733	47	6.4%
Minority interests in earnings of subsidiaries	(80)	(67)	(13)	(19.4%)
Net income	700	666	34	5.1%
Total trading transactions	91,000	91,979	(979)	(1.1%)

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

Basic profit (Calculation for reference)*	934	668	266	39.8%
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\*Calculation: (Gross profit-Selling, general and administrative expenses-Interest expenses, net of interest income+Dividends)×58%+Equity in earnings of associated companies

**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.

Summary
<b>Gross profit</b> • Aim to increase through business expansion including strategic mergers and acquisitions. • Plant projects mainly in Asia and retail businesses including the food supermarket chain, Summit, are expected to contribute.
<b>Selling, general and administrative expenses</b> • Estimated to increase along with the expansion of business base while retirement benefit expenses are to decrease.
<b>Equity in earnings of associated companies, net</b> • Improvement in the Batu Hijau copper and gold mine project. • Strong performances in Sumisho Lease, etc.
<b>Provision for doubtful receivables and net of other income (expenses)</b> • Estimated to be around 15 billion yen including unexpected losses through the continuous replacement of assets.