

**Highlights of consolidated semiannual results 2004 (Six-month period ended September 30, 2004)**

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 October 29, 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	Apr. 1-Sep. 30, 2004	Apr. 1-Sep. 30, 2003	increase/(decrease)		Summary
			amount	percentage(%)	
Gross profit	2,715	2,424	290	12%	<b>Gross profit</b> • Strong performances in steel products business including steel service centers operation in Asia and specialty steel business • Strong performances in automobile business in Europe and ships business • Increase in plant business in Asia • Additional acquisition of coal mine interest in Australia • Strong performances in retail business such as supermarket Summit, and fertilizer business • Increase of gross profit in Overseas subsidiaries such as Sumitomo Corporation of America • Recognized impairment losses on real estate for sale in Kobe area, and decrease in condominium sales in Tokyo metropolitan area compared with the same period of the previous year, which showed a strong performance  <b>Selling, general and administrative expenses</b> • Increase in personnel expenses due to the expansion of business activities at subsidiaries • Increase in amortization of software  <b>Settlements on copper trading litigation</b> • Settlement paid during the previous year  <b>Provision for doubtful receivables</b> • Provision for receivables going through legal liquidation  <b>Gain on marketable securities and investments, net</b> • Capital gains generated mostly by the continuous unwinding of cross shareholdings  <b>Equity in earnings of associated companies, net</b> • Strong performances in Batu Hijau copper and gold mine project, Jupiter Telecommunications, Sumisho Lease, and Jupiter Programming, etc.
Other income (expenses) :					
Selling, general and administrative expenses	(2,163)	(2,071)	(92)	(4%)	
Settlements on copper trading litigation	(10)	(59)	49	83%	
Provision for doubtful receivables	(31)	(10)	(21)	(221%)	
Gain on property and equipment, net	1	13	(12)	(92%)	
Interest expense, net of interest income	(33)	(23)	(10)	(44%)	
Dividends	36	41	(6)	(14%)	
Gain on marketable securities and investments, net	64	115	(51)	(44%)	
Equity in earnings of associated companies, net	189	92	97	105%	
Other, net	1	(5)	5	-	
Total other income (expenses)	(1,947)	(1,905)	(41)	(2%)	
Income before income taxes and minority interests in earnings of subsidiaries	768	519	249	48%	
Income taxes	(297)	(180)	(118)	(66%)	
Income before minority interests in earnings of subsidiaries	471	339	131	39%	
Minority interests in earnings of subsidiaries, net	(35)	(34)	(1)	(4%)	
Net income	435	305	130	43%	
Total trading transactions	47,864	43,336	4,528	10%	
Operating income	520	343	177	52%	
Basic profit (Calculation for reference)*	515	308	208	68%*	

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

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

\*Calculation: (Gross profit-Selling, general and administrative expenses-Interest expenses, net of interest income+Dividends)×59% (to take into account income taxes) + Equity in earnings of associated companies

For the six months ended September 30, 2003, basic profit was calculated by using 58% as the multiplier.

Segment Information	Gross profit			Net income			Assets		
	Apr. 1-Sep. 30, 2004	Apr. 1-Sep. 30, 2003	increase/(decrease)	Apr. 1-Sep. 30, 2004	Apr. 1-Sep. 30, 2003	increase/(decrease)	As of Sep. 30, 2004	As of Mar. 31, 2004	increase/(decrease)
Metal Products	249	205	44	67	36	30	4,167	3,904	263
Transportation & Construction Systems	533	470	63	78	60	18	8,406	7,930	476
Machinery & Electric	168	100	68	32	(4)	36	4,544	4,357	187
Media, Electronics & Network	196	199	(3)	52	35	17	4,016	3,750	266
Chemical	135	110	25	27	8	19	2,021	1,749	273
Mineral Resources & Energy	163	126	37	62	19	42	4,282	3,457	826
Consumer Goods & Service	490	456	34	32	28	4	2,919	3,046	(127)
Materials & Real Estate	210	244	(34)	(2)	23	(25)	5,794	6,153	(358)
Financial & Logistics	86	74	12	14	7	7	2,537	1,935	602
Domestic Regional Business Units and Offices	200	198	3	20	15	5	3,698	3,793	(94)
Overseas Subsidiaries and Branches	339	279	60	69	35	33	5,828	4,933	895
Segment Total	2,770	2,461	309	450	263	187	48,212	45,005	3,207
Corporate and Eliminations	(56)	(37)	(19)	(15)	42	(57)	4,869	5,120	(250)
Consolidated	2,715	2,424	290	435	305	130	53,082	50,125	2,957

**Sumitomo Corporation**

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

Assets and Liabilities	As of Sep.30, 2004	As of Mar.31, 2004	increase/ (decrease)
Total assets	53,082	50,125	2,957
Total shareholders' equity	8,661	7,308	1,352
Shareholders' equity ratio	16.3%	14.6%	1.7pt
Working Capital	7,174	6,940	233
Interest - bearing liabilities, gross	28,169	27,959	210
Interest - bearing liabilities, net	23,273	23,776	(503)
Debt - equity ratio, net (times)	2.7	3.3	(0.6pt)

Summary
<u>Total assets</u> · Increase of operating assets due to business expansion · Strategic investments to expand earnings base
<u>Total shareholders' equity, Shareholders' equity ratio, Debt - equity ratio, net (times)</u> · Improved due to the issuance of new shares and increase in retained earnings

Cash Flows	Apr.1-Sep.30, 2004	Apr.1-Sep.30, 2003
Net cash provided by operating activities	108	355
Net cash (used in) provided by investing activities	(441)	151
Free Cash Flow	(334)	507
Net cash provided by (used in) financing activities	1,035	(452)
Effect of exchange rate changes on cash and cash equivalents	4	10
Net increase in cash and cash equivalents	706	65

Summary
<u>Free Cash Flow</u> · Free cash flow was negative 33.4 billion yen due to the strategic investments to expand earnings base
<u>Net cash provided by (used in) financing activities</u> · Net cash provided by financing activities was 103.5 billion yen, mainly due to issuing new shares.

Targets Year ending March 31, 2005	revised in Oct., 2004 (A)	announced in Apr., 2004 (B)	increase/ (decrease) (A)-(B)	Results Apr.1-Sep.30, 2004	percentage (%)	Results Year ended Mar. 31, 2004 (C)	increase/(decrease) (A)-(C)	
						amount	percentage(%)	
Gross profit	5,600	5,300	300	2,715	48%	5,013	587	12%
Other income (expenses) :								
Selling, general and administrative expenses	(4,400)	(4,300)	(100)	(2,163)	49%	(4,224)	(176)	(4%)
Interest expense, net of interest income	(70)	(70)	0	(33)	48%	(64)	(6)	(9%)
Dividends	60	60	0	36	59%	69	(9)	(13%)
Equity in earnings of associated companies, net	400	350	50	189	47%	207	193	93%
Provision for doubtful receivables and net of other income (expenses)	(200)	(150)	(50)	26	-	89	(289)	-
Total other income (expenses)	(4,210)	(4,110)	(100)	(1,947)	46%	(3,923)	(287)	(7%)
Income before income taxes and minority interests in earnings of subsidiaries	1,390	1,190	200	768	55%	1,090	300	28%
Income taxes	(530)	(410)	(120)	(297)	56%	(357)	(173)	(48%)
Income before minority interests in earnings of subsidiaries	860	780	80	471	55%	733	127	17%
Minority interests in earnings of subsidiaries	(80)	(80)	0	(35)	44%	(67)	(13)	(19%)
Net income	780	700	80	435	56%	666	114	17%
Total trading transactions	97,000	91,000	6,000	47,864	49%	91,979	5,021	5%

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

Basic profit	1,102	934	168	515	47%	668	434	65%
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**-Notification of dividend increase-**

Our basic dividend policy is to meet shareholders' expectation by ensuring long-term, stable dividends. In addition to this basic policy and reflecting consolidated financial results, we will determine the dividend based on the dividend payout ratio at 20% from this fiscal year end. Thereby, in the event of achieving net income target of 78 billion yen for full fiscal year, we will increase the ordinary dividend to 6 yen per share, half amount based on the dividend payout ratio at 20%. The annual dividend for fiscal 2004 will be 10 yen per share, which includes the interim dividend of 4 yen per share. (Annual dividend for fiscal 2003 was 8 yen per share.)

**Cautionary Statement Concerning Forward-Looking Statements**

This report includes forward-looking statements relating to our future plans, targets, 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 targets included in this report are not projections, and do not represent management's current estimates of future performance. Rather, they represent targets that management strive 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 targets.

The Company is under no obligation -- and expressly disclaims any such obligation -- to update or alter its forward-looking statements.

**Achievement & Growth Plan (AG Plan) FY2005-2006**  
**- Achieving 7.5% of risk-adjusted return ratio and aiming for further growth-**

Since Reform Package (FY1999-2000), Sumitomo Corporation has been making steady progresses both in expanding earnings base and enhancing corporate strength to achieve sufficient profitability to cover the cost of shareholders' equity, risk-adjusted return ratio of 7.5%.

Under the upcoming medium-term management plan, the Achievement & Growth Plan, or AG Plan, our quantitative targets are set as follows;

**Quantitative targets (FY 2005 – 2006)**

- **Risk-adjusted return ratio : 7.5% or above each year**
- **Net income : two-year total of 190 billion yen**  
**(Rough indication ; 90 billion yen for FY2005,**  
**100 billion yen for FY2006 )**

In addition, our directions are summed up in the following three subjects:

- **Expansion of our earnings base through dynamic growth strategies**
- **Implementation of human resource strategies matching our growth strategies**
- **Pursuit of soundness and efficiency.**

We will push ahead in these subjects on a global basis securing a 7.5% risk-adjusted return ratio and aiming for further growth.