Highlights of consolidated annual results 2004 (Year ended March 31, 2005)

[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 March 31, 2005 (A)	Year ended March 31, 2004 (B)	increase/(decrease) amount (A)-(B)	increase/(decrease) percentage
Gross profit	**5,631**	5,013	618	12%
Other income (expenses) :				
Selling, general and administrative expenses	**(4,378)**	(4,224)	(155)	(4%)
Settlements on copper trading litigation	**28**	(71)	100	-
Provision for doubtful receivables	**(129)**	(80)	(49)	(61%)
Impairment losses on long-lived assets	**(295)**	(52)	(244)	(471%)
Gain on sale of property and equipment, net	**115**	133	(19)	(14%)
Interest expense, net of interest income	**(86)**	(64)	(23)	(36%)
Dividends	**64**	69	(5)	(8%)
Loss on valuation of marketable securities and investments, net	**(89)**	(232)	143	62%
Gain on sale of marketable securities and investments, net	**163**	396	(232)	(59%)
Gain on issuances of stock by subsidiaries and associated companies	**126**	-	126	-
Equity in earnings of associated companies, net	**374**	207	167	81%
Other, net	**(9)**	(5)	(4)	(86%)
Total other income (expenses)	**(4,118)**	(3,923)	(195)	(5%)
Income before income taxes and minority interests in earnings of subsidiaries	**1,513**	1,090	423	39%
Income taxes	**(578)**	(357)	(222)	(62%)
Income before minority interests in earnings of subsidiaries	**935**	733	202	28%
Minority interests in earnings of subsidiaries, net	**(84)**	(67)	(17)	(26%)
Net income	**851**	666	185	28%
Total trading transactions	**98,986**	91,979	7,007	8%

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

Operating income	**1,124**	710	414	58%

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

Basic profit (Calculation for reference)*	**1,100**	668	432	65%

*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, net
For the year ended March 31, 2004, basic profit was calculated by using 58% as the multiplier.

Summary

Gross profit
<Businesses which contributed to the increase>
- Steel service centers operation
- Automobile lease and finance businesses in Japan and Asia such as Sumisho Auto Leasing, and ships business
- Plant business mainly in Asia
- Coal business in Australia
- Retail business such as supermarket Summit
- Sumitomo Corporation of America

<Decrease effect>
- Effect of the appreciation of the yen

Selling, general and administrative expenses
- Increase in personnel expenses due to the expansion of business activities at subsidiaries
- Increase in amortization of software

Provision for doubtful receivables
- Provision for receivables which collection is delaying
- Provision for receivables going through legal liquidation

Impairment losses on long-lived assets
- Impairment loss on real estate for rent in Yokohama area

Gain on sale of property and equipment, net
- Sales of office buildings

Gain on sale of marketable securities and investments, net
- Capital gains generated mostly by the continuous unwinding of cross shareholdings

Gain on issuances of stock by subsidiaries and associated companies
- Listing Jupiter Telecommunications on the Jasdaq Securities Exchange

Equity in earnings of associated companies, net
- Strong performances in Batu Hijau copper and gold mine project, Jupiter Telecommunications, Sumisho Lease, and Jupiter Programming, etc.

Segment Information	Gross profit			Net income			Assets		
	Year ended March 31, 2005	Year ended March 31, 2004	increase/ (decrease)	Year ended March 31, 2005	Year ended March 31, 2004	increase/ (decrease)	As of March 31, 2005	As of March 31, 2004	increase/ (decrease)
Metal Products	**499**	420	79	**133**	76	57	**4,726**	3,904	822
Transportation & Construction Systems	**1,133**	986	147	**135**	96	39	**8,715**	7,930	785
Machinery & Electric	**322**	282	39	**38**	18	20	**4,574**	4,357	216
Media, Electronics & Network	**441**	408	33	**248**	75	174	**3,750**	3,750	0
Chemical	**285**	228	57	**47**	(1)	48	**2,172**	1,749	424
Mineral Resources & Energy	**352**	271	80	**149**	71	78	**4,971**	3,457	1,514
Consumer Goods & Service	**989**	904	85	**46**	58	(12)	**3,251**	3,046	205
Materials & Real Estate	**387**	478	(92)	**(84)**	92	(176)	**6,061**	6,153	(91)
Financial & Logistics	**170**	157	14	**28**	24	3	**2,328**	1,935	393
Domestic Regional Business Units and Offices	**412**	404	8	**47**	17	30	**3,962**	3,793	169
Overseas Subsidiaries and Branches	**781**	558	224	**224**	70	154	**6,254**	4,933	1,321
Segment Total	**5,771**	5,096	675	**1,011**	595	416	**50,764**	45,005	5,759
Corporate and Eliminations	**(139)**	(83)	(57)	**(160)**	72	(232)	**4,568**	5,120	(552)
Consolidated	**5,631**	5,013	618	**851**	666	185	**55,331**	50,125	5,207

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

Assets and Liabilities	As of March 31, 2005	As of March 31, 2004	increase/(decrease)
Total assets	**55,331**	50,125	5,207
Total shareholders' equity	**9,349**	7,308	2,040
Shareholders' equity ratio	**16.9%**	14.6%	2.3pt
Working Capital	**8,970**	6,940	2,029
Interest - bearing liabilities, gross	**28,402**	27,959	443
Interest - bearing liabilities, net	**23,760**	23,776	(16)
Debt - equity ratio, net (times)	**2.5**	3.3	(0.8pt)

Summary

Total assets
・Increase of operating assets due to business expansion
・Strategic investments to expand earnings base

Total shareholders' equity, Shareholders' equity ratio.
Debt - equity ratio, net (times)
・Improved due to the issuance of new shares and increase in retained earnings
As a result, debt-equity ratio, net improved to 2.5 times

Cash Flows	Year ended March 31, 2005	Year ended March 31, 2004
Net cash (used in) provided by operating activities	**(208)**	618
Net cash (used in) provided by investing activities	**(558)**	579
Free Cash Flow	**(767)**	1,197
Net cash provided by (used in) financing activities	**1,158**	(236)
Effect of exchange rate changes on cash and cash equivalents	**(8)**	(49)
Net increase in cash and cash equivalents	**383**	912

Summary

Free Cash Flow
・Increase of operating assets due to business expansion
・Strategic investments to expand earnings base

Net cash provided by (used in) financing activities
・Issued new shares

-Notification of dividend -

Our basic dividend policy has been to meet shareholders' expectation by ensuring long-term, stable dividends. In addition to this basic policy, we decided to introduce the dividend reflecting financial results. In consideration of the retained earnings required for our sustained growth, we will decide the dividend based on the payout ratio at around 20%. Thereby, we will increase the ordinary dividend to 7 yen per share, half amount based on the dividend payout ratio at 20%. The annual dividend for fiscal year 2004 will be 11 yen per share, which includes the interim dividend of 4 yen per share. (Annual dividend for fiscal year 2003 was 8 yen per share.)

Targets (Year ending March 31, 2006)	Year ending March 31, 2006 (C)	Year ended March 31, 2005 (D)	increase/(decrease) amount (C)-(D)	increase/(decrease) percentage
Gross profit	**6,200**	5,631	569	10%
Other income (expenses) :				
Selling, general and administrative expenses	**(4,800)**	(4,378)	(422)	(10%)
Interest expense, net of interest income	**(140)**	(86)	(54)	(63%)
Dividends	**60**	64	(4)	(6%)
Equity in earnings of associated companies, net	**450**	374	76	20%
Other income (expenses) net of provision for doubtful receivables	**100**	(90)	190	-
Total other income (expenses)	**(4,330)**	(4,118)	(212)	(5%)
Income before income taxes and minority interests in earnings of subsidiaries	**1,870**	1,513	357	24%
Income taxes	**(670)**	(578)	(92)	(16%)
Income before minority interests in earnings of subsidiaries	**1,200**	935	265	28%
Minority interests in earnings of subsidiaries	**(100)**	(84)	(16)	(19%)
Net income	**1,100**	851	249	29%
Total trading transactions	**102,000**	98,986	3,014	3%
Basic profit (Calculation for reference)*	**1,229**	1,100	129	12%

Note: Total trading transactions 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, net

Summary

Gross profit
・Expansion of our core business
・Expansion of business base through M&A

Interest expense, net of interest income
・Increase of interest-bearing liabilities due to the expansion of earnings base
・Rise in interest rate (US$)

Equity in earnings of associated companies, net
・Strong performances in Jupiter Telecommunications, Sumisho Lease, and Jupiter Programming, etc.
・Contributions from new investments

Other income (expenses) net of provision for doubtful receivables
・Unexpected losses through the continuous replacement of assets.
・Gain on sale of securities of Coach Japan

Achievement & Growth Plan (AG Plan) FY2005-2006

-Achieving 7.5% of risk-adjusted return ratio and aiming for further growth-

Through a series of medium-term management plans since 1999—the “Reform Package”, the “Step Up Plan” and the “AA Plan”—the Sumitomo Corporation Group has worked to expand its earnings base and to enhance its corporate strength with a view to achieving a level of earning power sufficient to cover our shareholders’ capital cost (a consolidated risk-adjusted return ratio of 7.5%). Under the medium-term management plan for the two years starting this April—the AG Plan, we will work on a globally consolidated basis to expand our earnings base through dynamic growth strategies, implement human resource strategies matching our growth strategies, and pursue soundness and efficiency in management. We also aim to achieve the quantitative targets of a consolidated risk-adjusted return ratio of 7.5% or above each year of the plan, and make strategic moves for further growth and development.

Considering the expansion of the earnings base during the AA Plan (FY2003-2004) and the recent operating environments, we revised upward the quantitative target of net income for the AG Plan announced in October 2004, from two-year total of 190 billion yen (rough indication: 90 billion yen for FY2005 and 100 billion yen for FY2006) to 230 billion yen (110 billion yen for FY2005 and 120 billion yen for FY2006).

Revised quantitative targets (FY2005-2006)

- **Risk-adjusted return ratio: 7.5% or above each year**
- **Net income : two-year total of 230 billion yen**
  (FY2005: 110 billion yen, FY2006: 120 billion yen)

The directions for the AG Plan are the followings:

(1) Expansion of our earnings base through dynamic growth strategies
Based on the growth strategies in each business unit and regional organization, we will make strategic investments aggressively focusing on businesses that we believe to be profitable and have growth potential.

(2) Implementation of human resource strategies matching our growth strategies
We will promote diversification of recruitment and hiring process, strategic training, and placement of human resources.

(3) Pursuit of soundness and efficiency
In order to expand our earnings power steadily, we will continue advancing our risk management and also upgrade our operational quality and efficiency.