

Highlights of consolidated annual results FY2005 (Year ended March 31, 2006)

page1/4
April 28, 2006

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

1. Consolidated Income

Sumitomo Corporation

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

	Year ended March 31, 2006	Year ended March 31, 2005	increase/(decrease)	
	(A)	(B)	amount (A)-(B)	percentage
Gross profit	7,066	5,631	1,435	25%
Other income (expenses) :				
Selling, general and administrative expenses	(5,158)	(4,378)	(780)	(18%)
Settlements on copper trading litigation	(1)	28	(29)	-
Provision for doubtful receivables	(147)	(129)	(18)	(14%)
Gain (losses) on property and equipment, net	(128)	(181)	53	29%
Interest expense, net of interest income	(200)	(86)	(113)	(131%)
Dividends	104	64	40	63%
Gain on marketable securities and investments, net	402	74	328	443%
Gain on issuances of stock by subsidiaries and associated companies	15	126	(111)	(88%)
Equity in earnings of associated companies, net	514	374	140	37%
Other, net	9	(9)	19	-
Total other income (expenses)	(4,588)	(4,118)	(471)	(11%)
Income before income taxes and minority interests in earnings of subsidiaries	2,478	1,513	965	64%
Income taxes	(807)	(578)	(229)	(40%)
Income before minority interests in earnings of subsidiaries	1,671	935	736	79%
Minority interests in earnings of subsidiaries, net	(68)	(84)	16	19%
Net income	1,602	851	752	88%

Total trading transactions	103,363	98,986	4,377	4%
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Note: Total trading transactions is presented in a manner customarily used in Japan solely for Japanese investors' purposes.

Operating income	1,761	1,124	637	57%
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Note: Operating income is presented in a manner customarily used in Japan solely for Japanese investors' purposes.

Basic profit (Calculation for reference)*	1,583	1,100	484	44%
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Summary

Gross profit

<Businesses which contributed to the increase>

- Metal businesses
- Automobile lease and finance businesses in Asia
- Ships business
- Coal business in Australia
- Oil business in the North Sea
- Sumitomo Corporation of America
- Newly consolidated subsidiaries such as TBC Corporation

Selling, general and administrative expenses

- Effect of the newly consolidated subsidiaries
- Increase in personnel expenses due to the expansion of business activities at subsidiaries

Provision for doubtful receivables

- Provision related to withdrawal from overseas businesses
- Additional provision related to receivables from a telecommunications project in South America

Interest expense, net of interest income

	Year ended March 31, 2006	Year ended March 31, 2005	increase/ (decrease)
Interest income	190	146	44
Interest expense	(390)	(232)	(157)
Total	(200)	(86)	(113)

- Rise in interest rates of the U.S. dollar
- Effect of newly consolidated subsidiaries

Dividends

- Increase from domestic companies

Gain on marketable securities and investments, net

- Value realizations such as Coach Japan: +235

Equity in earnings of associated companies, net

<Businesses which contributed to the increase>

- Jupiter Telecommunications (J:COM)
- Jupiter TV (former Jupiter Programming)
- V&M Star (steel pipe business in the U.S.)
- IPP businesses in Asia

Reference		Year ended March 31, 2006	Year ended March 31, 2005
Foreign exchange (Yen/US\$, ave)	(Jan.-Dec.)	110.95	108.07
	(Apr.-Mar.)	113.93	107.60
Interest(%) (US\$ LIBOR6M, ave)	(Jan.-Dec.)	3.8%	1.8%
	(Apr.-Mar.)	4.2%	2.3%
Crude oil (US\$/bbl) <North Sea Brent>	(Jan.-Dec.)	55	38

*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

2. Segment Information

Sumitomo Corporation

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

	Gross profit			Net income			Summary (Net income)
	Year ended March 31, 2006	Year ended March 31, 2005	increase/ (decrease)	Year ended March 31, 2006	Year ended March 31, 2005	increase/ (decrease)	
Metal Products	654	499	155	189	133	56	- Strong performances in steel pipes, steel plates, and non-ferrous metal businesses
Transportation & Construction Systems	1,275	1,133	143	198	135	63	- Strong performances in automobile lease and finance business in Asia and ships business
Machinery & Electric	293	322	(28)	80	38	42	- IPP businesses in Asia and Middle East - Acquired additional shares in IPP business in the U.S.
Media, Electronics & Network	472	441	32	149	248	(100)	- Strong performances in J:COM and Jupiter TV - Gain from listing J:COM in the previous year
Chemical	355	285	70	54	47	7	- Strong performance in Cantex (PVC pipe business in the U.S.)
Mineral Resources & Energy	487	352	135	229	149	80	- Strong performances in coal business in Australia and oil business in North Sea
Consumer Goods & Service	986	989	(4)	149	46	103	- Value realization of Coach Japan - Strong performance in Summit supermarket
Materials & Real Estate	562	387	176	124	(84)	209	- Strong performance in condominium sales - Impairment loss on property for rent in Yokohama area in the previous year
Financial & Logistics	250	170	79	62	28	34	- Recovery in commodity business - Strong performance in sales of overseas industrial park
Domestic Regional Business Units and Offices	411	412	(1)	53	47	6	- Strong performance in automobile related businesses
Overseas Subsidiaries and Branches	1,416	781	635	282	224	57	- Strong performance in metal businesses
Segment Total	7,161	5,771	1,390	1,569	1,011	558	
Corporate and Eliminations	(95)	(139)	45	33	(160)	193	
Consolidated	7,066	5,631	1,435	1,602	851	752	

3. Financial Position

4. Cash Flows

	As of March 31, 2006	As of March 31, 2005	increase/ (decrease)	Summary		Year ended March 31, 2006	Year ended March 31, 2005
Total assets	67,119	55,331	11,788	<u>Total assets</u> - Increased due to the rise in stock prices and depreciation of yen	Net cash used in operating activities	(628)	(208)
Total shareholders' equity	13,040	9,349	3,691	- Increased due to the investments such as acquiring TBC Corporation	Net cash used in investing activities	(1,414)	(558)
Shareholders' equity ratio	19.4%	16.9%	2.5pt	- Increase in operating assets resulting from expansion of earnings base	<i>Free Cash Flow</i>	(2,042)	(767)
Interest-bearing liabilities, net	26,222	23,760	2,462	<u>Total shareholders' equity</u> - Increases in net income	Net cash provided by financing activities	2,621	1,158
Debt - equity ratio, net (times)	2.0	2.5	(0.5pt)	- Improvement in foreign currency translation adjustments due to the depreciation of yen	Effect of exchange rate changes on cash and cash equivalents, etc	101	(8)
				- Increase in unrealized holding gains on securities available-for-sale	Net increase in cash and cash equivalents	681	383

5. Targets (Year ending March 31, 2007)

Sumitomo Corporation

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

	Year ending March 31, 2007 (C)	Year ended March 31, 2006 (D)	increase/(decrease)		Summary
			amount (C)-(D)	percentage	
Gross profit	8,500	7,066	1,434	20%	<u>Gross profit</u> - Expansion of earnings base including acquisition of TBC Corporation
Other income (expenses) :					
Selling, general and administrative expenses	(6,150)	(5,158)	(992)	(19%)	<u>Selling, general and administrative expenses</u> - Increase due to the expansion of business activities
Interest expense, net of interest income	(320)	(200)	(120)	(60%)	<u>Interest expense, net of interest income</u> - Rise in interest rates of Yen and U.S. dollar - Increase in interest-bearing liabilities reflecting the expansion of business base
Dividends	130	104	26	25%	
Equity in earnings of associated companies, net	550	514	36	7%	<u>Equity in earnings of associated companies, net</u> - Strong performances in J:COM, Jupiter TV and Sumisho Lease
Other, net	0	151	(151)	(100%)	<u>Other, net</u> - Incorporated unexpected losses through the continuous replacement of assets and capital gains through value realization - Included gains from settlements on copper trading litigation
Total other income (expenses)	(5,790)	(4,588)	(1,202)	(26%)	
Income before income taxes and minority interests in earnings of subsidiaries	2,710	2,478	232	9%	
Income taxes	(940)	(807)	(133)	(16%)	
Income before minority interests in earnings of subsidiaries	1,770	1,671	99	6%	
Minority interests in earnings of subsidiaries	(70)	(68)	(2)	(3%)	
Net income	1,700	1,602	98	6%	
Total trading transactions	104,000	103,363	637	1%	
Note: Total trading transactions is presented in a manner customarily used in Japan solely for Japanese investors' purposes.					
Basic profit (Calculation for reference)*	1,824	1,583	241	15%	

<Assumptions for annual average>

	FY2006	FY2005 (Results)
Foreign exchange (Yen/US\$) (Apr.-Mar.)	120	113.93
Crude oil <North Sea Brent> (US\$/bbl) (Jan.-Dec.)	48.0	55.0
Hard coking coal (US\$/MT)*	105~116	around 125
Copper (US ¢ /lb)**	145	145
Interest LIBOR 6M (Yen) (Apr.-Mar.)	0.40%	0.08%
Interest LIBOR 6M (US\$) (Apr.-Mar.)	5.3%	4.2%

*Market price **Hedged price

*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

6. Notification of dividend

Our basic policy is to meet shareholders' expectations by ensuring long-term stable dividends. In addition to this basic policy, we have set the dividend payout ratio at around 20%, reflecting consolidated financial results.

The annual dividend for fiscal year 2005 will be 25 yen per share (the interim dividend: 11 yen and the year-end ordinary dividend: 14 yen), which was 11 yen per share in the previous year.

Based on our new target of consolidated net income of 170 billion yen, the annual dividend is planned to be 27 yen per share (the interim dividend will be 13 yen and the year-end ordinary dividend will be 14 yen).

7. Notification of change in the number of shares in one voting unit

To expand the investors base and to further improve the liquidity of the company's shares, we resolved to change the number of shares in one voting unit from 1,000 share to 100 shares. This change will be effective from September 1, 2006.

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.

Sumitomo Corporation

Number of subsidiaries and associated companies

Unit: Number of companies

	Year ended Mar. 31, 2006			increase/(decrease) from Mar. 31, 2005		
	Profit	Loss	Total	Profit	Loss	Total
Japan	218	43	261	(13)	(2)	(15)
Overseas	494	120	614	35	19	54
Total	712	163	875	22	17	39

(Profit-making company ratio)

81%

(2pt)

Equity in earnings of subsidiaries and associated companies

Unit: 100 millions of yen

	Year ended Mar. 31, 2006			increase/(decrease) from Mar. 31, 2005		
	Profit	Loss	Total	Profit	Loss	Total
Japan	605	(51)	554	83	31	114
Overseas	880	(85)	794	292	(7)	285
Total	1,485	(137)	1,348	376	24	400

Equity in earnings of subsidiaries and associated companies by Segment

Unit: 100 millions of yen

	Year ended Mar. 31, 2006			increase/(decrease) from Mar. 31, 2005		
	Profit	Loss	Total	Profit	Loss	Total
Metal Products	104	(8)	96	13	2	16
Transportation & Construction Systems	263	(24)	239	65	19	84
Machinery & Electric	97	(14)	83	62	(2)	60
Media, Electronics & Network	140	(5)	135	21	4	24
Chemical	64	(16)	48	20	(15)	5
Mineral Resources & Energy	229	(2)	227	71	10	82
Consumer Goods & Service	69	(22)	47	15	(9)	6
Materials & Real Estate	43	(3)	40	(3)	32	30
Financial & Logistics	51	(5)	46	13	0	12
Domestic Regional Business Units and Offices	47	(15)	32	5	(4)	1
Overseas Subsidiaries and Branches	304	(20)	284	69	(16)	53
Other	75	(4)	71	24	3	27
Total	1,485	(137)	1,348	376	24	400