

Highlights of consolidated semiannual results 2006 (Six-month period ended September 30, 2006)

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October 27, 2006

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

1. Consolidated Income

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

Sumitomo Corporation

	Apr.1-Sep.30, 2006 (A)	Apr.1-Sep.30, 2005 (B)	increase/(decrease)		Summary
			amount (A)-(B)	percentage	
Gross profit	4,156	3,256	901	28%	Gross profit
Other income (expenses) :					<Businesses which contributed to the increase>
Selling, general and administrative expenses	(2,947)	(2,346)	(601)	(26%)	- Tubular products, steel plates, and non-ferrous metal businesses
Settlements on copper trading litigation	96	0	96	-	- Ships business
Provision for doubtful receivables	(10)	(44)	34	77%	- Commodity trading business
Gain on property and equipment, net	10	5	5	104%	- Sumitomo Corporation of America (Mainly in metal products business)
Interest expense, net of interest income	(163)	(76)	(86)	(113%)	- Newly consolidated TBC CORPORATION (automotive replacement tire marketer in the U.S.)
Dividends	77	62	15	25%	Selling, general and administrative expenses
Gain on marketable securities and investments, net	42	318	(277)	(87%)	- Effect of the newly consolidated subsidiaries
Gain on issuances of stock by subsidiaries and associated companies	-	15	(15)	-	- Increase in personnel expenses due to the expansion of business activities at subsidiaries
Equity in earnings of associated companies, net	340	225	115	51%	Settlements on copper trading litigation
Other, net	(1)	8	(9)	-	- Receipt of 10 billion yen through settled litigation
Total other income (expenses)	(2,556)	(1,833)	(723)	(39%)	Interest expense, net of interest income
Income before income taxes and minority interests in earnings of subsidiaries	1,600	1,423	178	12%	
Income taxes	(554)	(502)	(52)	(10%)	
Income before minority interests in earnings of subsidiaries	1,046	921	126	14%	
Minority interests in earnings of subsidiaries, net	(26)	(39)	14	34%	
Net income	1,021	881	139	16%	
Total trading transactions	52,466	49,218	3,248	7%	
Operating income	1,199	866	334	39%	
Basic profit (Calculation for reference)*	1,003	753	250	33%	

Reference	Apr.1-Sep.30, 2006	Apr.1-Sep.30, 2005
Foreign exchange (Yen/US\$, ave)		
(Jan.-Jun.)	115.57	106.80
(Apr.-Sep.)	115.33	110.36
Interest (%) (US\$ LIBOR6M, ave)		
(Jan.-Jun.)	5.1%	3.3%
(Apr.-Sep.)	5.4%	3.7%
Crude oil (US\$/bbl) <North Sea Brent>		
(Jan.-Jun.)	66	50

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, net

Sumitomo Corporation

2. Segment Information

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

	Gross profit			Net income			Summary (Net income)
	Apr.1- Sep.30, 2006	Apr.1- Sep.30, 2005	increase/ (decrease)	Apr.1- Sep.30, 2006	Apr.1- Sep.30, 2005	increase/ (decrease)	
Metal Products	377	304	73	137	102	36	- Strong performances in tubular products, steel plates, and non-ferrous metal businesses
Transportation & Construction Systems	703	619	84	138	101	37	- Strong performance in ships business - Increased earnings from Sumisho Auto Leasing as a result of making it a wholly owned subsidiary
Machinery & Electric	139	154	(15)	59	37	22	- IPP/IWPP businesses in Asia and Middle East
Media, Electronics & Network	271	205	65	39	89	(50)	- Improved earnings in Sumisho Computer Systems - Gain on sales of stocks in the same period of the previous year
Chemical	184	164	20	29	33	(4)	- Strong performance in Cantex (PVC pipe business in the U.S.) - Decrease in earnings of organic chemicals
Mineral Resources & Energy	234	223	11	109	97	12	- Strong performances in copper business in the Americas and Australia
Consumer Goods & Service	530	503	26	18	156	(138)	- Strong performance in Summit supermarket - Value realization of Coach Japan in the same period of the previous year
Materials & Real Estate	422	210	212	65	50	15	- Strong performance in condominium sales - Newly consolidated TBC CORPORATION
Financial & Logistics	163	97	66	44	19	25	- Strong performance in commodity trading business
Domestic Regional Business Units and Offices	196	201	(5)	31	27	5	
Overseas Subsidiaries and Branches	1,114	540	574	236	165	71	- Strong performance in metal products businesses
Segment Total	4,333	3,220	1,112	905	875	30	
Corporate and Eliminations	(176)	35	(211)	116	6	110	- Received settlement on copper trading litigation
Consolidated	4,156	3,256	901	1,021	881	139	

3. Financial Position

	As of Sep.30, 2006	As of Mar.31, 2006	increase/ (decrease)	Summary
Total assets	69,996	67,119	2,878	<u>Total assets</u> - Increased as a result of strategic investments
Total shareholders' equity	13,636	13,040	596	- Increased cash balance to acquire all shares of Sumisho Lease through a tender offer
Shareholders' equity ratio	19.5%	19.4%	0.1pt	<u>Total shareholders' equity, Shareholders' equity ratio</u> - Decrease in unrealized holding gains on securities available-for-sale
Interest - bearing liabilities, net	26,655	26,222	433	- Increase in retained earnings
Debt - equity ratio, net (times)	2.0	2.0	-	

4. Cash Flows

	Apr.1-Sep.30, 2006	Apr.1-Sep.30, 2005
Net cash provided by operating activities	1,469	282
Net cash (used in) provided by investing activities	(1,387)	186
<i>Free Cash Flow</i>	82	468
Net cash provided by (used in) financing activities	2,052	(967)
Effect of exchange rate changes on cash and cash equivalents, etc	51	53
Net increase (decreased) in cash and cash equivalents	2,185	(446)

5. Targets (Year ending March 31, 2007)

Sumitomo Corporation

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

	Revised in Oct., 2006 (A)	Announced in Apr., 2006 (B)	increase/(decrease) (A)-(B)	Summary	Results		
					Year ended Mar. 31, 2006 (C)	increase/(decrease) (A)-(C)	
					amount	percentage(%)	
Gross profit	8,600	8,500	100	<u>Gross profit</u>	7,066	22%	
Other income (expenses) :				- Further contribution from additional acquisitions and expansion of core businesses	1,534		
Selling, general and administrative expenses	(6,150)	(6,150)	0	<u>Interest expense, net of interest income</u>	(5,158)	(19%)	
Interest expense, net of interest income	(360)	(320)	(40)	- Increase of interest-bearing liabilities	(200)	(80%)	
Dividends	130	130	0	- Rise in interest rates of Japanese yen	104	25%	
Equity in earnings of associated companies, net	680	550	130	<u>Equity in earnings of associated companies, net</u>	514	32%	
Other, net	100	0	100	Strong performances in:	151	(34%)	
Total other income (expenses)	(5,600)	(5,790)	190	- Copper business in the Americas	(4,588)	(22%)	
Income before income taxes and minority interests in earnings of subsidiaries	3,000	2,710	290	- Tubular products business in the U.S.	(1,012)		
Income taxes	(1,040)	(940)	(100)	- IPP/IWPP businesses in Asia and Middle East	2,478	21%	
Income before minority interests in earnings of subsidiaries	1,960	1,770	190	<u>Other, net</u>	(807)	(29%)	
Minority interests in earnings of subsidiaries	(60)	(70)	10	- Gain on sales of securities, etc			
Net income	1,900	1,700	200	<Assumptions for annual average>	1,671	17%	
				Foreign exchange (Yen/US\$) (Apr.-Mar.)	115	120	115.33
				Crude Oil <North Sea Brent> (US\$/bbl) (Jan.-Dec.)	65	48	66
				Hard coking coal* (US\$/MT)	105~116	105~116	105~116
				Copper (US\$/lb)	300	185	275
				Interest LIBOR 6M (Yen) (Apr.-Mar.)	0.50%	0.40%	0.40%
				Interest LIBOR 6M (US\$) (Apr.-Mar.)	5.4%	5.3%	5.4%
				*Market price			
				<Sensitivity of the net income to the fluctuations of exchange>			
				Depreciation of 1 yen per US\$ will increase net income about 0.5 billion yen	1,583	407	26%
Total trading transactions	107,000	104,000	3,000		103,363	3,637	4%
Note: Total trading transactions is presented in a manner customarily used in Japan solely for Japanese investors' purposes.							
Basic profit (Calculation for reference)*	1,990	1,824	166				

*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 interim 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. Based on our revised target of consolidated net income of 190 billion yen, **the annual dividend is planned to be 30 yen per share** (the annual dividends for fiscal year 2005 was 25 yen per share). Therefore, **the interim dividend is 15 yen per share**, half amount of the planned annual dividend (the interim dividend for fiscal year 2005 was 11 yen per share).

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 changed the number of shares in one voting unit from 1,000 share to 100 shares on 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.

<Reference information>

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Sumitomo Corporation

Number of subsidiaries and associated companies

Unit: Number of companies

	As of Sep. 30, 2006			increase/(decrease) from Sep. 30, 2005		
	Profit	Loss	Total	Profit	Loss	Total
Japan	210	44	254	10	(30)	(20)
Overseas	494	112	606	2	23	25
Total	704	156	860	12	(7)	5

(Profit-making company ratio)

82%

+1pt

Equity in earnings of subsidiaries and associated companies

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

	Apr.1-Sep.30, 2006			increase/(decrease) from the same period of the previous year		
	Profit	Loss	Total	Profit	Loss	Total
Japan	329	(26)	303	34	5	39
Overseas	617	(42)	575	163	(21)	143
Total	946	(68)	878	197	(16)	181

Equity in earnings of subsidiaries and associated companies by Segment

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

	Apr.1-Sep.30, 2006			increase/(decrease) from the same period of the previous year		
	Profit	Loss	Total	Profit	Loss	Total
Metal Products	72	(11)	61	16	(7)	9
Transportation & Construction Systems	168	(6)	161	32	2	34
Machinery & Electric	62	(8)	53	24	(2)	22
Media, Electronics & Network	77	(11)	66	8	(8)	0
Chemical	33	(3)	31	4	(1)	3
Mineral Resources & Energy	130	(5)	125	44	(3)	41
Consumer Goods & Service	40	(10)	30	(1)	(2)	(3)
Materials & Real Estate	30	(3)	27	(1)	(2)	(3)
Financial & Logistics	31	(6)	26	5	(2)	2
Domestic Regional Business Units and Offices	22	(2)	21	0	5	6
Overseas Subsidiaries and Branches	237	(2)	235	67	0	67
Other	43	(1)	42	1	4	5
Total	946	(68)	878	197	(16)	181