## For Immediate Release

# Sumitomo Corporation Announces Financial Results for the Fiscal Year ended March 31, 2010

On April 30, 2010, Sumitomo Corporation announced its consolidated results for the fiscal year ended March 31, 2010, prepared on the basis of accounting principles generally accepted in the United States of America.

"Net income attributable to Sumitomo Corporation" for the full fiscal year was 155.2 billion yen, decreased by 59.9 billion yen from the previous year. Although the results decreased from the previous year, it considerably exceeded our initial annual target of 115 billion yen. When we announced our initial annual target on April 30, 2009, the outlook of the business conditions surrounded us was uncertain due to the financial crisis. However, from the 3rd quarter, recovery of demand was seen mainly in emerging economies thanks to each country's stimulus policy. Recognizing this recovery and making the most of it, our performances mainly in mineral resources businesses and operations in Asia improved.

*In this document, "net income" is equivalent to "Net income attributable to Sumitomo Corporation" after adopting ASC 810 "Consolidation" (formerly SFAS 160) and equivalent to "Net income" which had been used until fiscal year 2008.

## 1. Consolidated Income

○ Gross profit was 779.5 billion yen, a decrease of 155.7 billion yen.

○ Selling, general and administrative expenses decreased by 15.1 billion yen, which was partly due to the yen appreciation.

○ Therefore, operating income decreased by 142.9 billion yen to 120.5 billion yen.

○ Gain on property and equipment was 5 billion yen and gain on marketable securities and investments was 32.9 billion yen. There were value realizations through replacements of assets such as oilfield in the British North Sea, office building and partial interest of Batu Hijau copper & gold mine project in this fiscal year.

○ Equity in earnings of associated companies decreased by 13.8 billion yen to 76.1 billion yen.

## 2. Segment Information

○ Net income of all the 9 segments posted positive results.

○ The net income of the following 4 segments increased from the previous year since core businesses in each segment showed stable performance.

- Media, Network & Lifestyle Retail
  Jupiter Telecommunications Co., Ltd. continued to mark the record high net income through increasing subscribers. Also, Jupiter Shop Channel Co., Ltd. showed stable performance.

- Mineral Resources, Energy, Chemical & Electronics
  Coal mining operations in Australia declined substantially due to the fall in sales prices. On the other hand, San Cristobal silver-zinc-lead mining project in Bolivia contributed to the results due to the rise in commodity prices and further cost reduction. In addition, there were value realizations through replacements of assets.

- General Products & Real Estate
  TBC (tire business in the U.S) showed stable performance. Also, there was value realization through replacement of an office building.

- Financial & Logistics
  Although we recognized impairment losses on Japan Airlines preferred stocks, the performance of Sumitomo Mitsui Finance & Leasing Co., Ltd. improved.

○ The net income of “Metal Products”, “Transportation & Construction Systems”, “Infrastructure” and “Overseas Subsidiaries and Branches” decreased from the previous year due to the sluggish economy.

- Metal Products
  Both the tubular products business in North America and steel service center operations decreased substantially due to the decline of demand. Nevertheless,

the demand is recovering such as the rise of operating rates in steel service centers mainly in China and Asia.

- Transportation & Construction Systems
  Although automobile and construction equipment businesses in North America and Europe were still flagging, ship businesses and automobiles/motorcycles finance businesses in Asia were stable.

- Infrastructure
  Affected by the decline in overseas power plant construction projects, our revenue from large-scale EPC businesses decreased.

**3. Financial position**

○ Total assets as of March 31, 2010 amounted to 7,137.8 billion yen, an inecrease of 119.6 billion yen from March 31, 2009. In this fiscal year, we increased our cash and cash deposits by 303.1 billion yen. The aim of this was to strengthen financial stability through improving liquidity level and to prepare for new investments such as acquiring additional shares of J:COM. On the other hand, operating assets decreased due to the company-wide efforts such as decreasing receivables and improving inventory turnover rates.

○ Sumitomo Corporation shareholders' equity improved by 230.6 billion yen, due to the increase of retained earnings in addition to the increase of unrealized holding gains on securities available-for-sale. As a result, Sumitomo Corporation shareholders' equity ratio improved by 2.9 points to 22.2%. Interest-bearing liabilities (net) were 2,781.8 billion yen, down 405.0 billion yen. As a result, net debt-equity ratio improved by 0.6 points to 1.8 times from March 31, 2009.

**4. Cash flows**

○ Net cash provided by operating activities was 510.4 billion yen as a result of stable business performances in our core businesses and substantial decrease in operating assets.

○ Net cash used in investing activities was 59.4 billion yen. While making strategic investments such as acquisitions of new oilfield interests in the British North Sea and wind farm interests in the United States, we actively collected cash through replacement of assets.

○ Accordingly, free cash flow was 451.0 billion yen inflow.

## 5. Targets for the full fiscal year ending March 31, 2011

Targets for the fiscal year ending March 31, 2011 are as follows:

| (Unit: billions of yen) | (FY2009) Results | (FY2010) Targets |
|---|---|---|
| Gross Profit | 779.5 | 840 |
| Other income (expenses): | | |
| SG & A | (639.2) | (650) |
| Interest expense, net of interest income | (24.1) | (26) |
| Dividends | 11.3 | 11 |
| Equity in earnings of associated companies, net | 76.1 | 80 |
| Other, net | 19.6 | (10) |
| Net Income | 155.2 | 160 |
| Basic Income | 151.4 | 183.3 |

○ Gross profit is expected to be 840 billion yen, increasing by 60.5 billion yen from the previous year. “Metal Products” expects the recovery of tubular products business in North America and steel service center operations and “Mineral Resources, Energy, Chemical & Electronics” anticipates increase led by the rise in sales prices in coal mining operation in Australia. On the other hand, “Infrastructure” is expected to decrease due to the decline in overseas EPC businesses and in the earnings of IPP/IWPP businesses (TJB project).

○ Equity in earnings of associated companies is expected to be 80 billion yen, an increase of 3.9 billion yen, since the effect of acquiring additional share of J:COM is included and the performance of tubular products business in North America is anticipated to improve.

- ○ Net income for the full fiscal year is expected to increase by 4.8 billion yen to 160 billion yen, which includes the cost for the asset replacement fund (5 billion yen, after-tax).

- ○ Looking at the basic profit which excludes the impact of the large-scale value realizations as mentioned earlier, the target for FY2010 is 183.3 billion yen, 21% increase from the previous year.

- ○ Although the financial risk in European countries and uncertainty of employment situation in developed countries remain while each country is searching a way out of financial difficulty, the world economy is gradually recovering.

- ○ Taking all of these situation and the business conditions surrounding us into account, net income target of 160 billion yen for FY2010 is fully achievable.

**6. 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 2009 will be 24 yen per share (the interim dividend: 9 yen per share, the year-end dividend: 15 yen per share).

- ○ Based on our new target of consolidated net income of 160 billion yen for the fiscal year ending March 31, 2011, the annual dividend is planned to be 25 yen per share.

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