

## **For Immediate Release**

### **Sumitomo Corporation Announces Quarterly Financial Results for the Fiscal Year 2010 (Six-month period ended September 30, 2010)**

On October 29, 2010, Sumitomo Corporation announced its consolidated results for the six-month period ended September 30, 2010, prepared on the basis of accounting principles generally accepted in the United States of America.

“Net income attributable to Sumitomo Corporation” for the six-month period ended September 30, 2010 was 108.9 billion yen, increased by 46.8 billion yen from the same period of the previous year.

When reviewing the results of this second quarter (July-September), net income attributable to Sumitomo Corporation (hereinafter, “net income”) was 44.3 billion yen. Mineral resources businesses and operations in emerging countries such as China and other Asian countries continued to lead the results although the quarterly results decreased from the first quarter (April-June) results of 64.6 billion yen, which included temporary results such as receiving dividends.

#### **1. Consolidated Income**

- Gross profit was 426.2 billion yen, an increase of 52.0 billion yen from the same period of the previous year. Businesses that captured robust demand in Asia, such as steel service center operations and automobiles/motorcycles finance businesses, showed strong performances.
- Equity in earnings of associated companies increased by 9.4 billion yen to 46.0 billion yen. The copper business in Indonesia (Batu Hijau) showed strong performance led by the rise in copper prices. In addition, there was contribution of Jupiter Telecommunications Co., Ltd. (J:COM) of which we acquired additional shares in this April.
- Gain on marketable securities and investments, net was 10.9 billion yen. This was resulted from selling partial interest of copper business in Indonesia (Batu Hijau), etc.

## 2. Segment Information

- In the six-month period ended September 30, 2010, net income of “Infrastructure” decreased due to decline in the earnings of IPP/IWPP businesses (Tanjung Jati B). However, net income of all the other 8 segments increased from the same period of the previous year.
- Main businesses contributed to the increase in each segment are as follows:
  - Metal Products  
Steel service center operations in China and other Asian countries captured recovery in demand.
  - Transportation & Construction Systems  
In addition to strong performances in automobiles/motorcycles finance businesses in Asia, Sumitomo Mitsui Auto Service Company, Ltd., showed stable performance.
  - Media, Network & Lifestyle Retail  
The earnings of major subsidiaries and associated companies such as Jupiter Telecommunications Co., Ltd. and Sumisho Computer Systems Corporation increased.
  - Mineral Resources, Energy, Chemical & Electronics  
Upstream interests businesses showed strong performance since production went well and sales prices rose.  
Results of chemical businesses increased due to general recovery in demand.
  - General Products & Real Estate  
TBC Corporation (tire business in the U.S.) increased its earnings led by strong sales.
  - New Industry Development and Cross-function  
Results of Sumitomo Mitsui Finance & Leasing Co., Ltd. improved.
  - Domestic Regional Business Units and Offices, Overseas subsidiaries and Branches  
Metal products businesses contributed to the results.

### **3. Financial position**

- Total assets as of September 30, 2010 amounted to 7,026.3 billion yen, a decrease of 111.5 billion yen from March 31, 2010. This was mainly due to the fall of the market value on securities available-for-sale and the decrease of foreign-currency assets resulted from yen appreciation.
- Shareholders' equity\* decreased by 31.1 billion yen from March 31, 2010 to 1,552.7 billion yen. Although retained earnings increased, foreign currency translation adjustments decreased due to yen appreciation and unrealized holding gains on securities available-for-sale declined. As a result, Shareholders' equity ratio\* was 22.1%, the same level as of March 31, 2010.
- Interest-bearing liabilities, net increased by 134.5 billion yen to 2,916.3 billion yen. As a result, Debt-equity ratio, net\* was 1.9 times.

\* "Shareholders' equity" does not include "noncontrolling interests" and represents only the equity attributable to Sumitomo Corporation shareholders. Likewise, shareholders' equity used in calculating "Shareholders' equity ratio" and "Debt-equity ratio, net" does not include "noncontrolling interests".

### **4. Cash flows**

- During the six-month period ended September 30, 2010, net cash provided by operating activities was 83.0 billion yen. Although working capital increased along with the business transaction increase, our core businesses generated cash.
- Net cash used in investing activities was 215.3 billion yen. In this period, we acquired additional shares of J:COM and shale gas interest in the United States. Also, we expanded automobiles/motorcycles finance businesses in Indonesia.
- Accordingly, free cash flow was 132.3 billion yen outflow.

## **5. Forecast for fiscal year ending March 31, 2011**

- Although there are concerns about deflation in the United States, generally, developed countries are anticipated to show gradual but continuous recovery. Emerging countries such as China and other Asian countries are expected to show stable growth and continue to lead the world economy even though there might be temporary impact of the policies to rein economic overheating in China.
- Based on these business environments, our mineral resources businesses and operations in emerging countries are expected to show strong performances in the 2nd half of the fiscal year as seen in the 1st half. Even yen is inclined to be strong, we think it is possible to maintain the second-quarter income level.
- Therefore, we have revised our forecasts of net income attributable to Sumitomo Corporation to 200 billion yen, 40 billion yen up from the initial target announced in April, 2010.

## **6. Dividend Policy**

- Our basic policy is to meet shareholders' expectations by ensuring long-term stable dividends. In the past, in addition to this basic policy, we have set the dividend payout ratio at around 20%, reflecting consolidated financial results.
- Under our current medium-term management plan, "FOCUS'10", we are working to expand our earnings base through active investments and replacements of assets as well as to reinforce financial base, which is necessary for our growth strategy. So far, these initiatives are progressing steadily.
- Taking these situations into account, we have decided to further enhance return to shareholders while keeping our basic policy to ensure long-term, stable dividends. Specifically, from this year-end dividend, we will flexibly decide the consolidated dividend payout ratio in the range of 20% to 30%, considering both the changes in the economic environment and progress in investment plans.
- The interim dividend for fiscal 2010 is 16 yen per share, applying the consolidated dividend payout ratio of 20%, which was announced on April 30, 2010, to half of 200 billion yen, the revised forecast of net income attributable to Sumitomo

Corporation.

- As for the year-end dividend for fiscal 2010, we will apply the consolidated dividend payout ratio of 25% to half of the annual results of net income attributable to Sumitomo Corporation. Therefore, based on 200 billion yen, our revised forecast of net income attributable to Sumitomo Corporation for fiscal 2010, the year-end dividend is planned to be 20 yen per share.

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Cautionary Statement Concerning Forward-Looking Statements

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

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