Sumitomo Corporation

Annual Report 2013

Be the Best, Be the One

About this Annual Report

This report is divided into five chapters to make it easier for readers to find the information they are seeking.
Readers can turn directly to the chapter that interests them.

Contents

Editorial Policy

The Sumitomo Corporation Group aims to “Be the Best, Be the One” by implementing its Corporate Mission Statement. This means that as an organization we aim to be a corporate group that is recognized by society, creating value that nobody else can match in ways befitting our distinctive identity. The universal and unchanging value and foundation for our endeavors is Sumitomo’s Business Philosophy, which teaches us to place prime importance on integrity and sound management, and not to pursue easy gains.

In our Annual Report 2013 for the fiscal year ended March 31, 2013, we have integrated information previously included in the Report on Responsibility & Sustainability toward realizing our CSR initiatives. We did this to communicate more clearly and effectively our management stance of taking steps toward stable, sustainable corporate value enhancement over the medium and long term. In addition to the Sumitomo Corporation Group’s strengths, growth strategy, and earnings reports, we present information on our corporate governance system, social and environmental initiatives, and other moves targeting stable, sustainable growth. We hope this will help readers to better understand the Sumitomo Corporation Group.

Scope of the Report

- Period covered: April 1, 2012 to March 31, 2013 (Some activities starting on or after April 1, 2013 are included.)
- Organizations covered: Sumitomo Corporation and the Sumitomo Corporation Group
- Previous publications: August 2012 (Annual Report); October 2012 (Report on Responsibility & Sustainability)
- Next publication: In the fall of 2014.

Referenced Guidelines

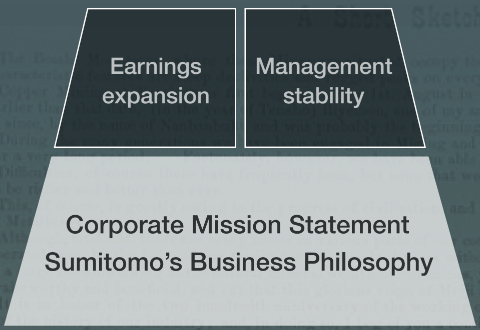
- ISO 26000 (Guidance on Social Responsibility)
- Charter of Corporate Behavior (September 14, 2010), Nippon Keidanren (Japan Business Federation)
- GRI Sustainability Reporting Guidelines 2006, Global Reporting Initiative
- “Environmental Reporting Guidelines 2007—Towards a Sustainable Society—” issued by Ministry of the Environment, Government of Japan
- “Environmental Accounting Guidelines 2005” issued by Ministry of the Environment, Government of Japan

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

SUMITOMO CORPORATION'S STRENGTH

Sumitomo Corporation's strengths lie in its Corporate Mission Statement and Sumitomo's Business Philosophy which are its value standards, as well as its business model, which realizes management stability and earnings expansion underpinned by sophisticated risk management and a diverse earnings structure. We will leverage these strengths to realize an even higher level of profit growth.



SUMITOMO'S BUSINESS PHILOSOPHY

Sumitomo's Business Philosophy has been inherited and adhered to by the Sumitomo Group for more than 400 years since its foundation. In essence, it tells us that, "We should place prime importance on integrity and sound business activities. But, when faced with a paradigm shift, we must take the lead in striving for structural innovation. In this way we can and should create meaningful value not only for ourselves but for society as well." It implies a universal value valid enough even now.

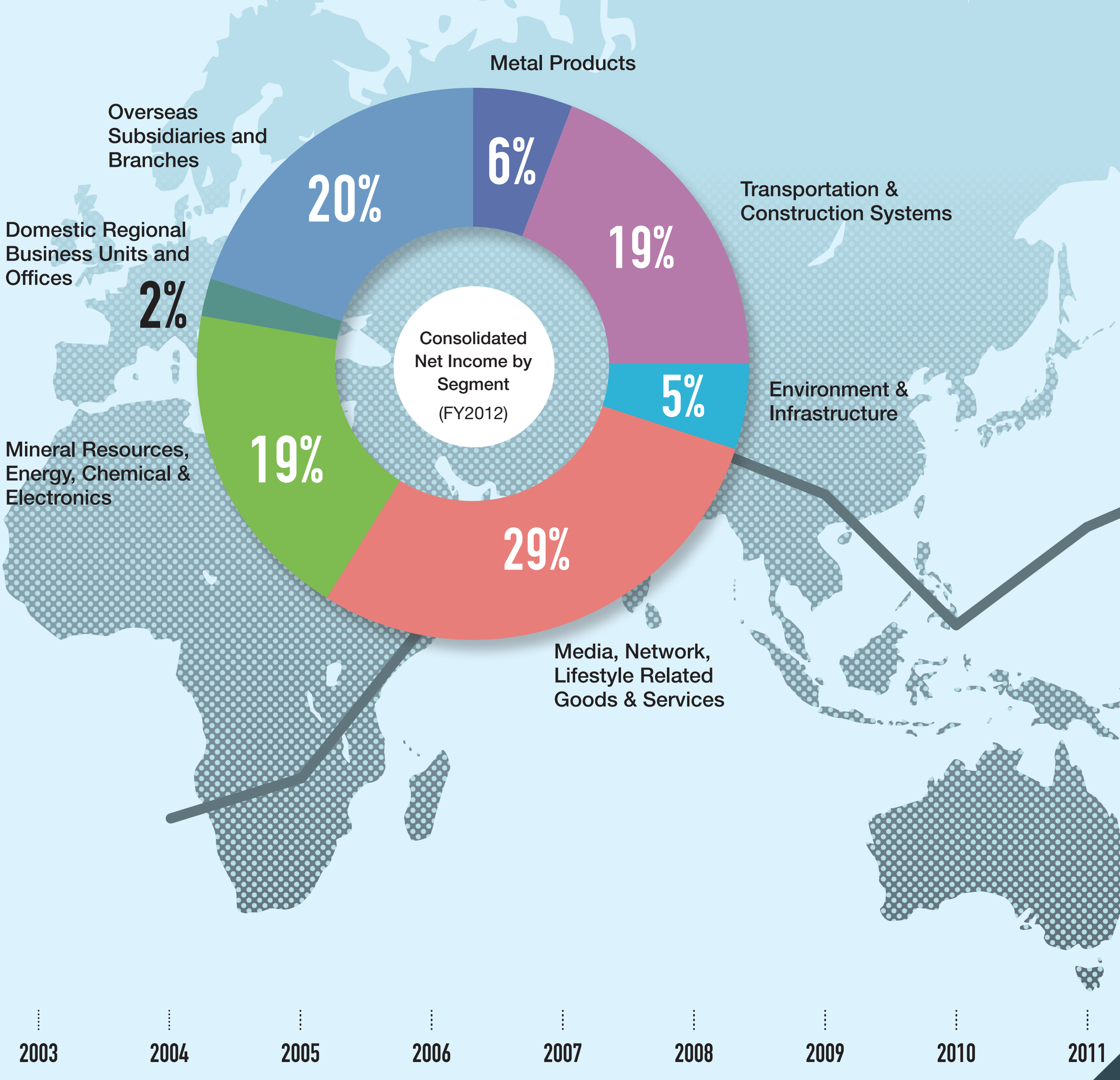
❯❯ Please refer to page 66, "Sumitomo's Business Philosophy/Sumitomo Corporation Group's Corporate Mission Statement," for further details.

(Photograph: Sumitomo Historical Archives)

Management Stability

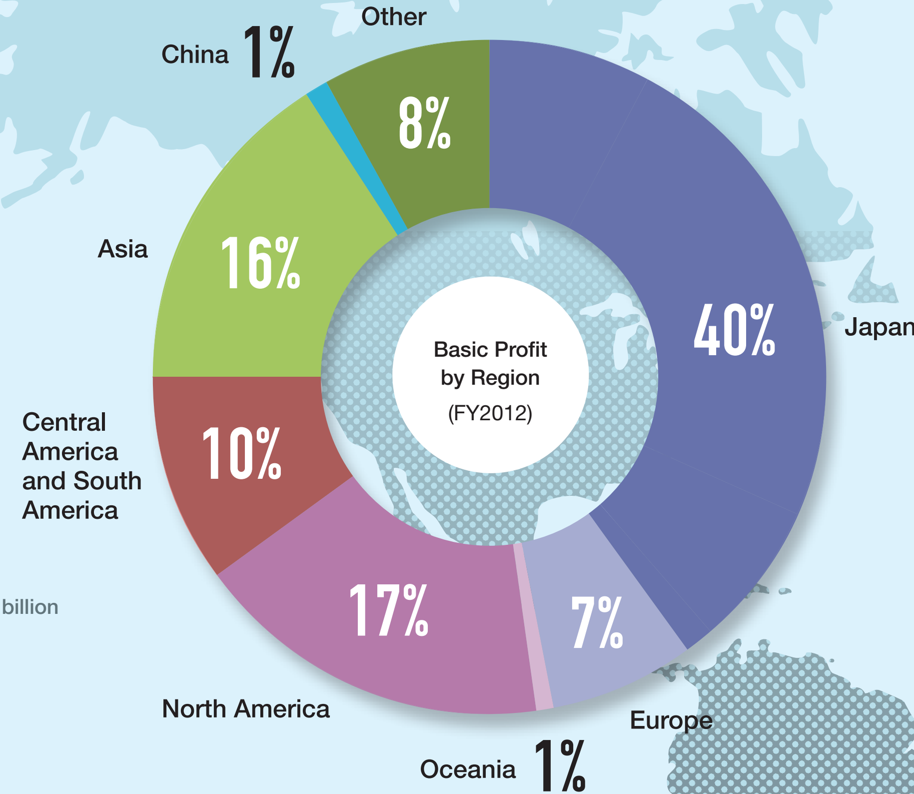
SUMITOMO CORPORATION'S BUSINESS STRUCTURE

We operate in a wide range of fields including media, resources, and transportation systems, and have established domestic and overseas business models to guide operations at 116 bases in 65 countries overseas and at 24 domestic bases. Our diverse earnings structure is not overly dependent on any specific field or region, which contributes to management stability.



OPEN

* We have prepared consolidated financial statements in accordance with U.S. GAAP up until the year ended March 31, 2010, and in accordance with International Financial Reporting Standards ("IFRSs") from the fiscal year ended March 31, 2011.
* Consolidated net income and net income in this report are the same as IFRS profit for the year attributable to owners of the parent, and U.S. GAAP net income attributable to Sumitomo Corporation.



Consolidated Net Income
¥232.5 billion

116 bases in 65 countries
and 24 bases in Japan

2012 2013 2014 2015 2016

Please see the information on the Sumitomo Corporation Group's growth trajectory and future strategy.

OPEN

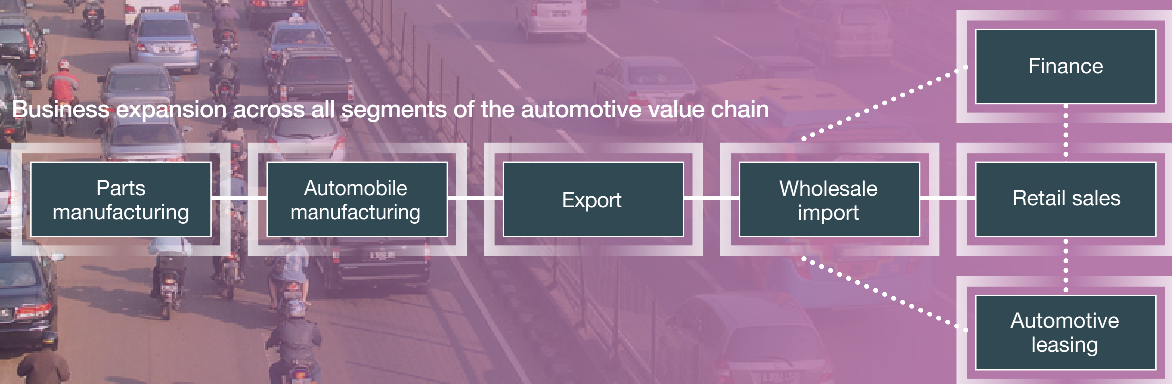
METAL PRODUCTS BUSINESS UNIT

In the tubular products field, in addition to enhancing our industry leading share of the oil country tubular goods (OCTG) business (upstream), we aim to add breadth to the value chain by expanding nearby businesses such as oil field equipment and services, and line pipe and specialty tubular products (mid- and downstream).

Tubular products value chain

TRANSPORTATION & CONSTRUCTION SYSTEMS BUSINESS UNIT

In the automotive field, we will develop our value chain encompassing manufacturing, wholesale and retail finance globally, and aim to expand and strengthen it in the emerging markets in particular.



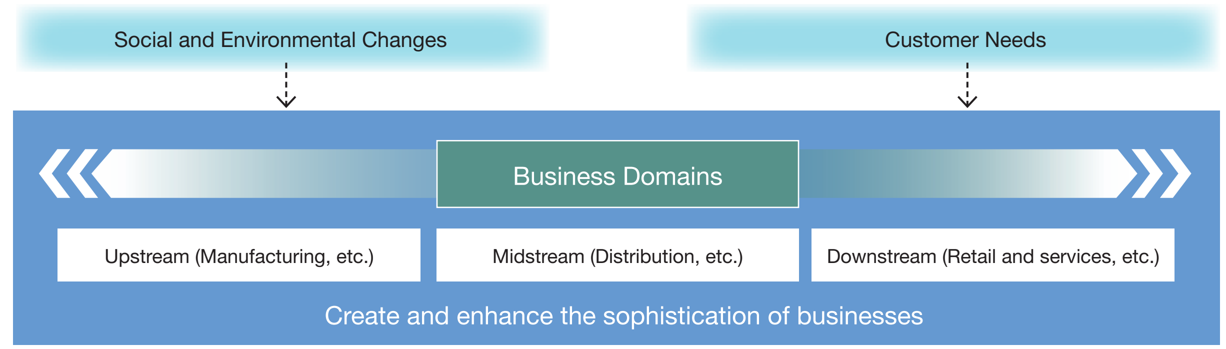
ENVIRONMENT & INFRASTRUCTURE BUSINESS UNIT

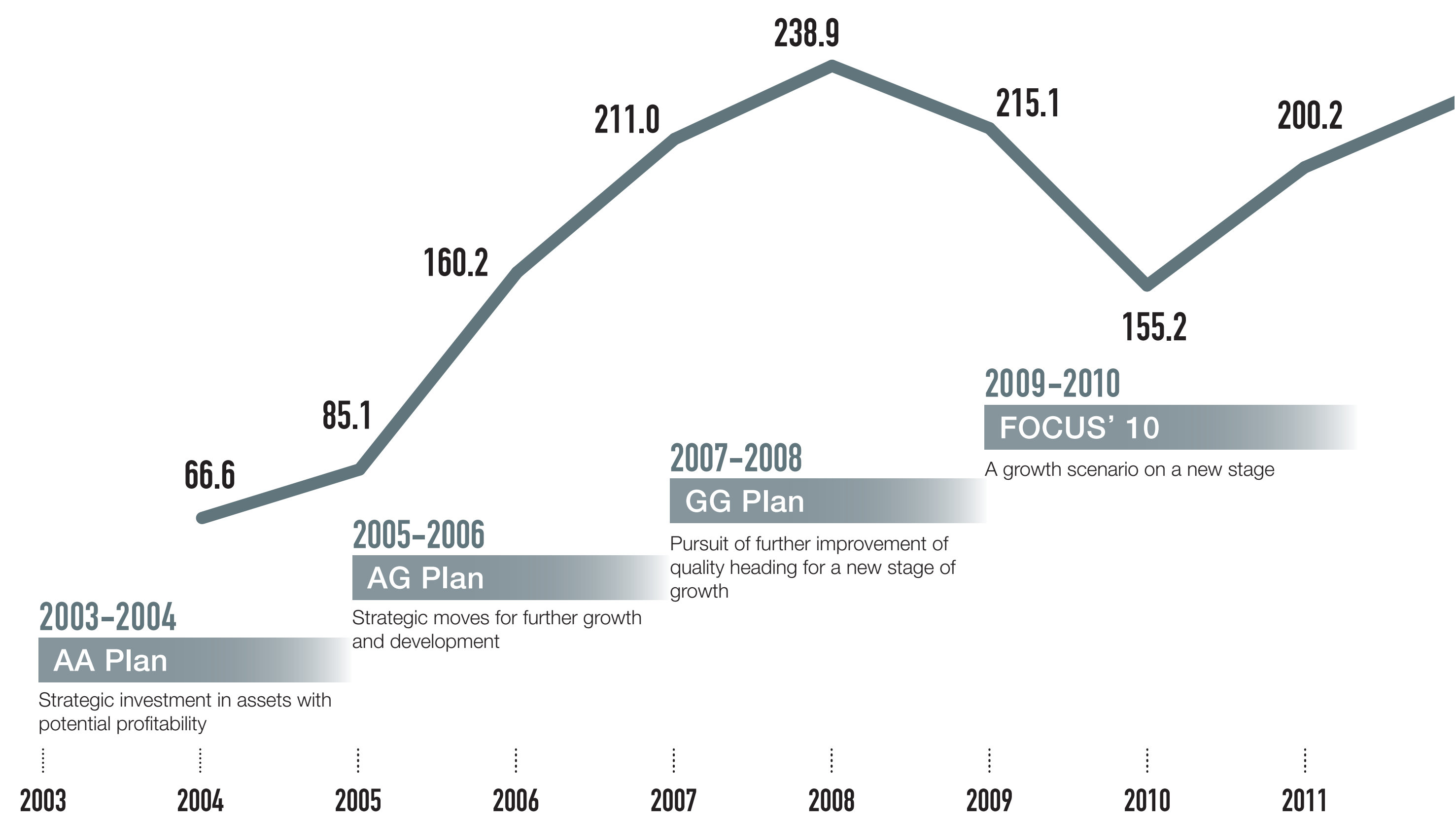
By enhancing the breadth of our business constructing basic infrastructure matching the needs of each country and region, and our logistics and insurance functions, we aim to expand our stable and sustainable earnings base, while contributing to society and protecting the environment.

Earnings Expansion

SUMITOMO CORPORATION'S BUSINESS MODEL

We have gone beyond our established distribution and other midstream operations, seizing opportunities presented by demand for new functions and new customer needs arising from social and environmental changes to expand our business domains to upstream fields, including manufacturing, and downstream fields, such as retail and services. By continuing to create and enhance businesses across the board, we are building value chains and expanding earnings.

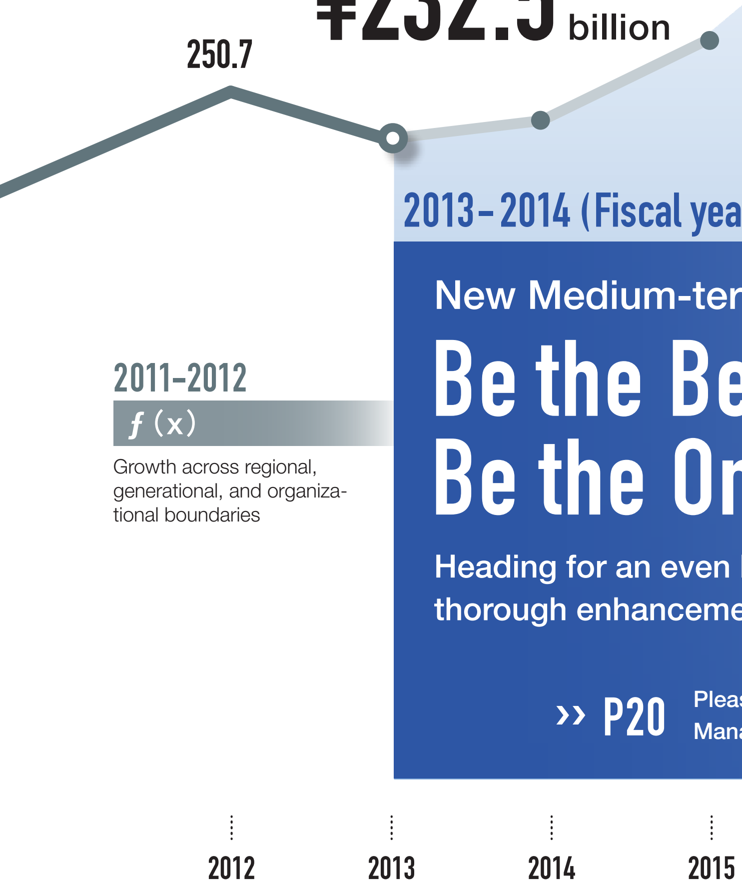




AN EVEN HIGHER LEVEL OF PROFIT GROWTH

Consolidated Net Income

¥232.5 billion



2011–2012

ƒ (x)

Growth across regional, generational, and organizational boundaries

2013–2014 (Fiscal year)

New Medium-term Management Plan

Be the Best, Be the One 2014

Heading for an even higher level of profit growth by thorough enhancement of our earning power

›› P20 Please refer to page 20, Feature I: New Medium-term Management Plan “Be the Best, Be the One 2014,” for further details.

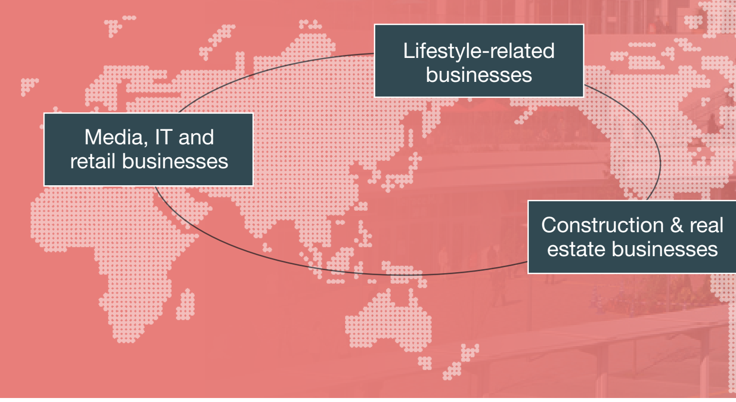
What We Aim to Be in Fiscal 2019, Our Centennial Year

Quantitative picture

Total assets	Consolidated net income
¥9~10 trillion	¥400 billion or more

MEDIA, NETWORK, LIFESTYLE RELATED GOODS & SERVICES BUSINESS UNIT

We will contribute to the creation of new lifestyles by integrating a wide variety of consumer and lifestyle-related businesses providing consumer-oriented products and services in industries encompassing media, IT, retail, lifestyle, and construction and real estate.



MINERAL RESOURCES, ENERGY, CHEMICAL & ELECTRONICS BUSINESS UNIT

In the resources and energy field upstream, we will further raise the sophistication of the functions we provide and enhance our portfolio emphasizing key strategic resources, well-dispersed by region and in timing (start of production and mine life), while strengthening the profitability of our existing stakes.

Four key strategic resources

- Copper
- Coal
- Iron ore
- Crude oil and gas

Nickel and cobalt/Silver, zinc and lead/Uranium/Rare earth

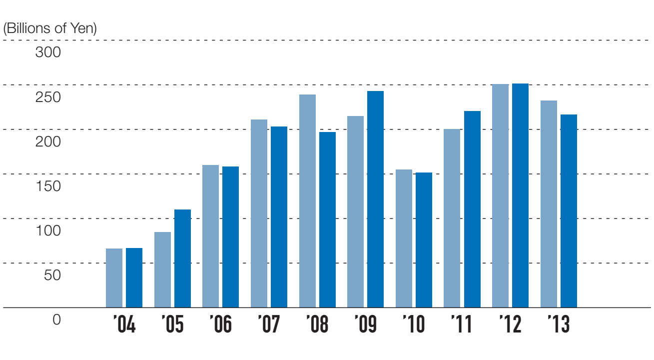
Financial Highlights

For the years ended March 31

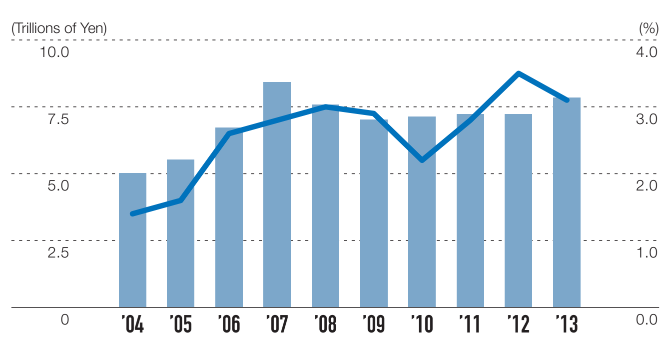
We have prepared consolidated financial statements in accordance with U.S. GAAP for 2010 or earlier and International Financial Reporting Standards ("IFRSs") for 2011 or later.

	AA Plan		AG Plan	
	2004	2005	2006	2007
Results of operations:				
Gross profit	¥ 501.3	¥ 563.1	¥ 706.6	¥ 857.7
Financial income (expense)	0.6	(2.3)	(9.5)	(23.0)
Interest expense, net	(6.4)	(8.6)	(20.0)	(37.1)
Dividends	6.9	6.4	10.4	14.1
Share of profit of investments accounted for using the equity method*	20.7	37.4	51.4	70.3
Profit for the year attributable to owners of the parent*	66.6	85.1	160.2	211.0
Financial position at year end:				
Total assets	5,012.5	5,533.1	6,711.9	8,430.5
Equity attributable to owners of the parent*	730.8	934.9	1,304.0	1,473.1
Interest-bearing liabilities (net)	2,377.6	2,376.0	2,622.2	2,913.3
Cash flows*1:				
Net cash from operating activities	61.8	(19.4)	(60.8)	194.3
Net cash used in investing activities	57.9	(52.7)	(137.9)	(449.7)
Free cash flows	119.7	(72.0)	(198.7)	(255.5)
Net cash (used in) from financing activities	(23.6)	111.2	256.7	169.7
Amounts per share:				
Profit for the year attributable to owners of the parent*:				
Basic	¥ 62.66	¥ 72.83	¥ 130.18	¥ 169.93
Diluted	61.31	72.82	130.17	169.90
Equity attributable to owners of the parent*	686.99	776.61	1,047.88	1,192.35
Cash dividends declared for the year*2	8.00	11.00	25.00	33.00
Ratios:				
Equity attributable to owners of the parent ratio (%)*	14.6	16.9	19.4	17.5
ROE (%)	9.9	10.2	14.3	15.2
ROA (%)	1.4	1.6	2.6	2.8
Debt-Equity Ratio (net) (times)	3.3	2.5	2.0	2.0
For reference:				
Total trading transactions*3, 4	¥9,197.9	¥9,898.6	¥10,336.3	¥10,528.3
Basic profit*5	66.8	110.0	158.3	202.9

Profit and basic profit



Total assets and ROA



* Under U.S. GAAP, “Share of profit of investments accounted for using the equity method” corresponds to “Equity in earnings of associated companies, net,” “Profit for the year attributable to owners of the parent” corresponds to “Net income attributable to Sumitomo Corporation,” “Equity attributable to owners of the parent” corresponds to “Sumitomo Corporation shareholders’ equity” and “Equity attributable to owners of the parent ratio” corresponds to “Sumitomo Corporation shareholders’ equity ratio.”
*1 Except for 2004, the prior year amounts of cash flow are reclassified to conform to ASC 810 “Consolidation.”
*2 Cash dividends per share represents the cash dividends declared applicable to each respective year, including dividends paid after the year-end.
*3 Total trading transactions is presented in a manner customarily used in Japan solely for Japanese investors’ purposes.
*4 Total trading transactions represents the gross transaction volume of trading activities, or the nominal aggregate value of the transactions for which the Companies act as a principal or as an agent. Total trading transactions is a measure commonly used by Japanese trading companies. It is not to be construed as equivalent to, or a substitute for, sales or revenues under accounting principles generally accepted in the United States of America (“U.S. GAAP”) or IFRSs.
*5 Basic Profit = (Gross profit + Selling, general and administrative expenses (excluding provision for doubtful receivables) + Interest expense, net + Dividends) x (1 – Tax rate) + Share of profit of investments accounted for using the equity method
<Tax rate was 42% for 2004, 41% for 2005 through 2012 and 38% for 2013.>

Billions of Yen

GG Plan		FOCUS’ 10		*ƒ*(x)	
2008	2009	2010	2011	2012	**2013**
¥ 934.5	¥ 935.2	¥ 779.5	¥ 864.0	¥ 918.8	**¥ 827.0**
(27.6)	(21.5)	(12.8)	(8.1)	(3.9)	**(2.3)**
(42.8)	(36.1)	(24.1)	(18.1)	(15.1)	**(15.8)**
15.3	14.6	11.3	10.0	11.2	**13.4**
56.9	90.0	76.1	95.6	110.6	**107.4**
238.9	215.1	155.2	200.2	250.7	**232.5**
7,571.4	7,018.2	7,137.8	7,230.5	7,226.8	**7,832.8**
1,492.7	1,353.1	1,583.7	1,570.5	1,689.1	**2,052.8**
3,247.6	3,186.8	2,781.8	3,056.3	2,786.7	**2,930.3**
323.7	348.8	510.4	219.5	190.4	**280.3**
(298.0)	(261.5)	(59.4)	(469.4)	(35.7)	**(186.2)**
25.6	87.3	451.0	(249.9)	154.7	**94.1**
7.9	(5.8)	(150.1)	155.9	(33.3)	**(24.7)**

Yen

¥ 192.51	¥ 172.06	¥ 124.15	¥ 160.17	¥ 200.52	**¥ 185.92**
192.47	172.03	124.12	160.09	200.39	**185.79**
1,194.20	1,082.47	1,266.93	1,256.31	1,351.10	**1,641.60**
38.00	34.00	24.00	36.00	50.00	**46.00**

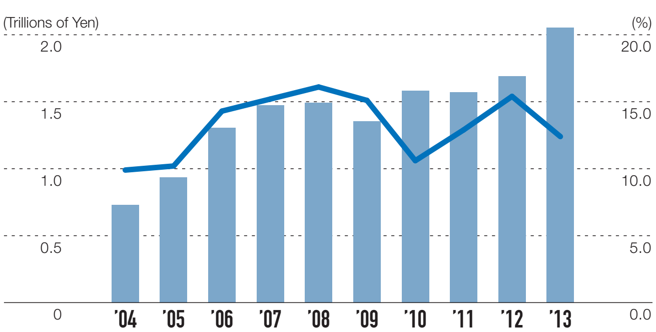
%, Times

19.7	19.3	22.2	21.7	23.4	**26.2**
16.1	15.1	10.6	12.9	15.4	**12.4**
3.0	2.9	2.2	2.8	3.5	**3.1**
2.2	2.4	1.8	1.9	1.6	**1.4**

Billions of Yen

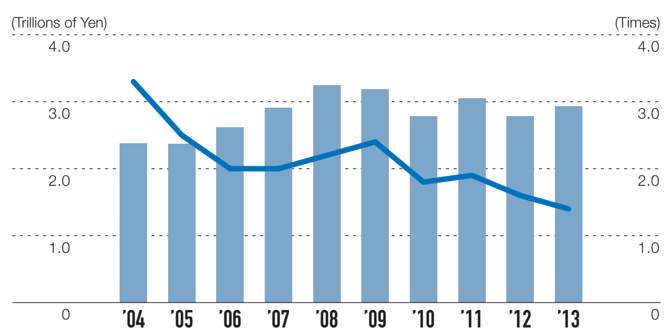
¥11,484.6	¥10,750.0	¥ 7,767.2	¥ 8,349.4	¥ 8,273.0	**¥ 7,502.7**
197.1	243.0	151.4	220.5	251.5	**216.5**

Equity attributable to owners of the parent and ROE



■ Equity attributable to owners of the parent (left scale) ━ ROE (right scale)

Interest-bearing liabilities (net) and DER (net)



■ Interest-bearing liabilities (net) (left scale) ━ Debt-equity ratio (net) (right scale)

CHAPTER 1

MANAGEMENT STRATEGY

Message From the President: To Our Stakeholders

ENSURING THE STEADY, CONTINUOUS GROWTH OF THE SUMITOMO CORPORATION GROUP

Sumitomo Corporation will celebrate the centennial of its foundation in 2019.

With this major milestone on the horizon, we have set out the Sumitomo Corporation Group's medium-to-long-term vision in "What We Aim to Be in 2019, Our Centennial Year."

Over the seven years until our centennial, we aim to lay a solid foundation for steady, continuous growth for another 50 years, 100 years, and beyond.

What We Aim to Be in 2019, Our Centennial Year

–A Vision Based on Our Corporate Mission Statement–

Be the Best, Be the One

- We aim to be a corporate group that is recognized by society as meeting and exceeding the high expectations directed toward us, creating value that nobody else can match in ways befitting our distinctive identity.
- We aim to build a solid earnings base and aim for an even higher level of profit growth while maintaining financial soundness.

Total assets: ¥9–10 trillion
Consolidated net income: ¥400 billion or more

Kuniharu Nakamura, President and CEO

QUESTION 01

What is the thinking behind the vision of "What We Aim to Be in 2019, Our Centennial Year"?

We want to build a firm foundation for steady, continuous growth for the next 50 years, 100 years, and beyond.

Upon my inauguration as President and CEO of Sumitomo Corporation in 2012, I expressed my desire to make the Sumitomo Corporation Group an organization that, after reaching its centennial in 2019, will continue for another 50 years, 100 years, and on without end. Over the seven years remaining before we reach this milestone, I want to build a firm base to realize this aspiration.

We believe the Sumitomo Corporation Group's business environment will continue to be marked by dramatic change and uncertainty. Also, our businesses themselves will grow increasingly complex and require longer start-up and development periods, as typified by our operations in the areas of natural resources and infrastructure.

To attain steady, continuous growth even in this sort of business environment, I see it very important for us, while responding flexibly to current changes, also to look ahead to the major trends of the future, sketch a medium-to-long-term vision of what we aim to be, and steadily execute strategies to achieve this vision.

It is based on this thinking that we came up with our vision of "What We Aim to Be in 2019, Our Centennial Year" and the accompanying slogan, "Be the Best, Be the One." This slogan embodies our aspiration to be the best in every respect and to be widely appreciated by society.

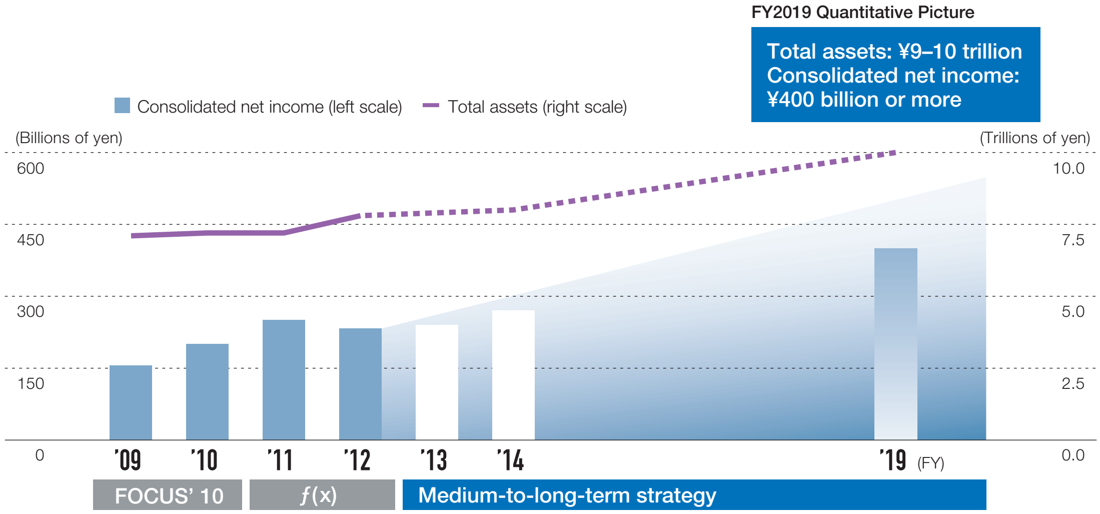
I believe the first and most crucial step to achieving this objective is to go back to Sumitomo's Business Philosophy, Business Principles, and the Sumitomo Corporation Group's Corporate Mission Statement (including our Management Principles and Activity Guidelines), and promote business activities in line with these core documents.

In keeping with their directives to "place prime importance on integrity and sound management" and "never pursue easy gains," we will stay true to our corporate character even as we gauge the changing times, formulate our own plans, and steadily execute our strategies, leveraging the strengths and abilities that we have amassed so far to create value that only we can. And above all, we will operate openly and squarely, rooting our business in activities that not only expand our earnings but also contribute to the nation and society so as to fulfill the tenet of Sumitomo's Business Philosophy, "Benefit for self and others, private and public interests are one and the same," thereby winning broad recognition of the Sumitomo Corporation Group as an essential organization that exceeds the high expectations directed toward us.

In addition, we have established a quantitative picture of what we aim to be as we approach our centennial, aiming to build a solid earnings base and to achieve an even higher level of profit growth while maintaining financial soundness. Specifically, we envisage total assets of ¥9–10 trillion and consolidated net income of at least ¥400 billion in fiscal 2019 (April 2019 to March 2020). Our goal is to construct a solid earnings base for another 100 years of achieving steady, continuous growth while staying financially healthy.

Our centennial is just one milestone on our way. When we consider how we should conduct our operations after that in order to continue to play a vital role in society and keep growing steadily, we come back to Sumitomo's Business Philosophy. The Sumitomo Group has been in business for four centuries. This is a record matched by few organizations anywhere in the world. And I believe that it has been made possible by putting Sumitomo's Business Philosophy into practice.

I think that if each of our employees constantly considers whether their actions are in line with Sumitomo's Business Philosophy and the Sumitomo Corporation Group's Corporate Mission Statement and exercises Sumitomo Corporation's distinctive strengths, we can attain our goal to "Be the Best, Be the One."



QUESTION 02

Could you please sum up what was achieved under the medium-term management plan ƒ(x) and what challenges remain?

We met our quantitative targets and made good progress on asset replacement and balance sheet management. However, we still need to work on increasing our earning power.

Sumitomo Corporation formulates a medium-term management plan every two years. ƒ(x)—pronounced "f-cross"—the plan for the two years ended March 31, 2013, set a quantitative target of net income totaling ¥480 billion over the two-year period. Consolidated net income reached an all-time high of ¥250.7 billion in fiscal 2011. While the figure was only ¥232.5 billion in fiscal 2012, mainly due to the impact of falling resource prices, we still attained our two-year target. The risk-adjusted return ratio was 15.2% over the two years, also beating the target of 15%.

Investment and loans over the two years totaled ¥560 billion, broadly in line with the planned ¥580 billion. This included ¥205 billion for the resource field and ¥355 billion for the non-resource field. We worked to build a balanced business portfolio without too much exposure to any one business area as we made investment and loans to expand our future earnings base.

At the same time, we divested assets to the tune of ¥860 billion during the two years of ƒ(x). With this, we recovered about ¥380 billion in cash, and we believe we have made solid progress on balance-sheet management. We sold stakes in some of our subsidiaries, notably Sumitomo Mitsui Auto Service Company, Limited and Jupiter Shop Channel Co., Ltd. with the aim of reinforcing our revenue base from a medium-to-long-term perspective through alliances with strategic partners. In addition, we made headway divesting unpromising businesses, including ones that were unlikely to achieve major growth due to changes in the operating environment and other factors, and ones that did not meet our initial earnings expectations.

However, there are still challenges to be tackled. For one, we need to steadily raise the value of our investment and loans. We must quickly increase the value of those major investment and loans that are not generating earnings in line with the initial business plans. Also, in the context of the ever-changing business environment, we need to continue downsizing and divesting businesses with poor earnings and growth potential, while shifting even more corporate resources, including personnel, into strategic fields to enhance our earning power.

Results

- Executed new investment and loans in accordance with the plan
- Generated cash and made progress in balance-sheet management by actively promoting asset replacement
- Deepened cooperation with strategic partners in our core businesses

Challenges for the future

- Steadily increase value of the investments made in recent years
- Carry out further reductions and divestitures of assets in businesses with low profitability or low prospects for growth
- Shift more human resources to strategic fields

FY2013–2014 Medium-term Management Plan: Be the Best, Be the One 2014

Heading for an even higher level of profit growth by thorough enhancement of our earning power

QUESTION 03

What are the aims of the new medium-term management plan "Be the Best, Be the One 2014" (BBBO2014)?

P20 ‹‹
Please refer to page 20 for details of the new medium-term management plan.

We will further pursue Sumitomo Corporation's strengths and thoroughly enhance our earning power. We want to make this our first step toward realizing our vision of what we aim to be as we approach our centennial.

Thoroughly enhancing our earning power is essential for achieving profit growth at a higher level than before—raising our consolidated net income from the current ¥230–250 billion to the level of at least ¥400 billion set forth in our vision of what we aim to be. To this end, under "Be the Best, Be the One 2014" (BBBO2014) we will aim for consolidated net income of ¥240 billion in fiscal 2013 and ¥270 billion in fiscal 2014 by "pursuing and combining our strengths and capabilities" and the "stimulating the metabolism of our business portfolio from a medium-to-long-term perspective."

Specifically, we will allocate corporate resources on a prioritized basis to the businesses that constitute our current earnings pillars in order to strengthen them even further. We are planning to make more new investment and loans than ever before, with a total budget of ¥750 billion over the course of BBBO2014. We will designate "primary fields" in each operating segment. These are areas where we have advantages and know-how, and that will underpin earnings in the future. We will set clear priorities for these primary fields and further tighten the focus of our investment activity so as to steadily build up a portfolio of prime assets.

We will also pursue profit opportunities during these two years by identifying the targets for "strategic industrial focus" and "strategic regional focus"—business fields and regions where there is strong medium-to-long-term growth potential and where we can capitalize on our strengths and capabilities—and strategically allocating corporate resources to them. With respect to recent investments that have not become as profitable as initially planned, we will intensively deploy human resources and know-how to the businesses in question, focus on attaining steady value gains, and strengthen earning power.

Accomplishing this will require effective utilization of our finite corporate resources. Accordingly, we will take steps to scale back or exit from businesses with weak prospects for revenues and growth in response to changes in the environment. Through these measures, along with balance-sheet control via strategic tie-ups with major partners, we are planning asset divestitures and reductions totaling ¥770 billion over the two years of BBBO2014.

These moves will enable us to activate the metabolism of our business portfolio by shifting corporate resources, including human resources, to medium-to-long-term growth areas. We will operate this cycle with greater speed than before, and we look to build a stronger earnings base while maintaining financial soundness.

QUESTION 04

What are your views on corporate social responsibility (CSR)?

For the Sumitomo Corporation Group, CSR is nothing other than putting our Corporate Mission Statement into practice.

Fulfilling our responsibilities to society and the environment is deeply related to Sumitomo's Business Philosophy, which I touched on before. The concept of "Benefit for self and others, private and public interests are one and the same" (meaning that Sumitomo's business activities must benefit not only Sumitomo's own business, but also society and the nation) is connected to the precepts of the Sumitomo Corporation Group's Corporate Mission Statement: "We aim to be a global organization that constantly stays a step ahead in dealing with change, creates new value, and contributes broadly to society," and "To achieve prosperity and realize dreams through sound business activities." For the

Sumitomo Corporation Group, CSR is nothing other than putting our Corporate Mission Statement into practice. We see the fulfillment of our responsibilities as something to be accomplished through the conduct of sound business activities and through the planning and implementation of business strategies based on consideration of what we can and should do as a corporation to help solve social issues, accompanied by dialogue with various stakeholders.

For instance, when we are developing businesses in other countries, we must give prime consideration to the question of how to put down roots in the community and contribute to local society. Mining development projects are a typical example. We do not simply mine resources. Naturally, we give our utmost consideration to environmental protection. We also engage in extended dialogue with stakeholders, including mine workers, local residents, and national and regional government officials. In addition to contributing to the economy by making tax payments and creating jobs, we set up physical infrastructure used by industry and in everyday life, as well as support its management. In this way, we play a role in regional economic, industrial, and social development. Further, we plan to lend a hand to the development of communications infrastructure, railways, and industrial parks in Myanmar, where major economic development is expected. We want our business operations in the country to lead to better local living standards and a more vibrant economy.

QUESTION 05

Please share your thoughts on shareholder returns.

We aim to increase dividends per share through medium-to-long-term profit growth.

We see balancing corporate value improvement and dividend enhancement as an important factor in increasing returns to shareholders. Our basic dividend policy is to continue steady payouts over the long term, and we aim to raise dividends per share in line with medium-to-long-term profit growth.

During the two years of BBBO2014, we look to apply a dividend payout ratio of 25%, taking into account relevant factors such as the economic environment and our investment plans. Based on this, we expect to pay dividends per share of ¥47 in fiscal 2013 if consolidated net income reaches the planned level of ¥240 billion.

QUESTION 06

In closing, do you have a message for Sumitomo Corporation's stakeholders?

I am determined to do whatever it takes to realize our vision of "What We Aim to Be in 2019, Our Centennial Year."

I recognize that we must overcome multiple hurdles to put profit growth on a higher level than before. But through the discussions we held with each business unit as we were finalizing our vision of what we aim to be, I gained a renewed awareness that the Sumitomo Corporation Group has countless business opportunities. I am confident that we will attain our vision if we steadily execute all of our strategies.

I believe it is important that our employees each hold firm aspirations for the sort of company they want to make of Sumitomo Corporation in the context of their respective workplaces, think about where they want our operations in each business field to be in 2019 and beyond, and tackle the necessary tasks one by one to make their own vision a reality.

I want to start by bringing the entire organization together to achieve the goals in "Be the Best, Be the One 2014" as the first step toward realizing our vision of what we aim to be.

I invite you to look forward to the initiatives of the Sumitomo Corporation Group in the period ahead.

Feature I: New Medium-term Management Plan

Be the Best, Be the One 2014

HEADING FOR AN EVEN HIGHER LEVEL OF PROFIT GROWTH BY THOROUGH ENHANCEMENT OF OUR EARNING POWER

The Sumitomo Corporation Group has set forth its vision of "What We Aim to Be in 2019, Our Centennial Year." The first two years of our journey to achieve this vision will be covered by our medium-term management plan for fiscal 2013 and 2014 (April 2013 through March 2015), titled "Be the Best, Be the One 2014." We are positioning the two years covered by this plan as the stage for advancing to an even higher level of profit growth. By thoroughly enhancing our earning power and strengthening the management base that supports it, we will construct a solid earnings base while maintaining financial soundness.

Thorough Enhancement of Our Earning Power

Under BBBO2014 we will take steps to realize the thorough enhancement of our earning power, which was an issue under ƒ(x), our previous medium-term management plan. Our strategies for achieving this are "Pursue and combine our strengths and capabilities" and "Stimulate the metabolism of our business portfolio from a medium-to-long-term perspective."

(1) Pursue and combine our strengths and capabilities

Society's needs are diversifying and becoming more complex, and industrial and regional boundaries are becoming easier to cross. To enhance our earning power in this environment, we must mobilize various types of know-how and capabilities across the boundaries of business units and regional organizations to create new value and meet society's needs.

BBBO2014 will leverage the full power of our integrated corporate strength by having each business unit and regional organization thoroughly analyze and pursue its strengths and capabilities, combine them across organizational boundaries, and share strategies and business models. But bringing out our integrated corporate strength internally is not enough. Collaborating with external partners is also critical to strengthening our business. We will strive to bolster strategic partnerships by expanding the scope and facets of our ties with existing partners, as well as cultivating new partners with whom we can share a common philosophy and strategies. In this way, we will also leverage our integrated corporate strength externally with strategic partners.

Collaborating and Sharing Strategies and Business Models Across Organizational Boundaries

Diversification and increasing complexity of society's needs

Industrial and regional boundaries easier to cross

Leverage integrated corporate strength internally

Pursue strengths and capabilities of each business

Leverage integrated strength externally

Quantitative Targets

Net income

FY2013 ¥240.0 billion

FY2014 ¥270.0 billion

Risk-adjusted return ratio

Approx. 12%

ROA

3% or more

Basic Policy

AN EVEN HIGHER LEVEL OF PROFIT GROWTH

Aims of "Be the Best, Be the One 2014"

Thorough enhancement of our earning power

- Stimulate the metabolism of our business portfolio from a medium-to-long-term perspective
- Pursue and combine our strengths and capabilities

Management base that supports earning power

- Strengthen management abilities for business investment
- Strengthen foundations of overseas regional organizations
- Maintain financial soundness
- Develop and deploy human resources required to achieve our vision

(2) Stimulate the metabolism of our business portfolio from a medium-to-long-term perspective

To take profit growth to the next level, we must raise the organization's overall profitability while identifying the role of each of our various businesses. Our key focus here is how to effectively use limited corporate resources—personnel and funds.

BBBO2014 aims to thoroughly enhance our earning power by stepping up the metabolism of our business portfolio on the four fronts described below, which are critical to corporate growth.

1) First, we have designated businesses that are currently our earnings pillars, and where we have strengths and know-how, as "primary fields." We will prioritize allocation of corporate resources to these areas so that they remain earnings pillars in the future.

STIMULATE THE METABOLISM OF OUR BUSINESS PORTFOLIO FROM A MEDIUM-TO-LONG-TERM PERSPECTIVE

Enhance existing earnings pillars

Preferentially allocate corporate resources to our strong fields

Primary Fields

Improve profitability of existing investments

Achieve greater value for the investments made in recent years

Develop future earnings pillars

Specify fields and regions that have high potential for growth and provide support at the company-wide level

Strategic Industrial/Regional Focus

Shift corporate and human resources

Carry out reductions and divestitures of businesses that show little potential for profit or growth

Promote further asset replacement of businesses with low profitability and/or low growth

2) Also, we have identified business fields and regions where we can leverage our strengths and capabilities, and where there is great medium-to-long-term growth potential, designating them as areas for "strategic industrial focus" and "strategic regional focus" and strategically allocating corporate resources to them. We will also promote development from a medium-to-long-term perspective at the company-wide level, such as by forming company-wide, cross-organizational project teams.
3) In addition, we will concentrate personnel and know-how in major projects, including upstream resource businesses in which we have recently invested. Here we will focus on value enhancement and steady completion of projects.
4) Meanwhile, we will continue to reduce and divest assets while controlling our balance sheet by downsizing or withdrawing from businesses with poor earnings and growth potential and by pursuing strategic tie-ups with strong partners. With this, we will redirect financial and human resources to bolstering and developing operations in primary fields, strategic industrial and regional focus areas, and existing major projects.

■ Plan for New Investment and Loans

During the two years of BBBO2014, we plan to make new investment and loans totaling ¥750 billion—a record high.

We have earmarked ¥650 billion of this investment plan for the primary fields noted above and ¥100 billion for the areas of strategic industrial focus and strategic regional focus.

Under BBBO2014, we will set clear priorities for use of this budget in line with the primary fields in each business unit, making investments to build up our portfolio of prime projects.

At the same time, we will be flexible in implementation. We will continuously monitor each business unit's progress and if there are business units making slow headway, we will take measures like reallocating funds to other business units that are progressing more rapidly.

Primary Fields

- In the Mineral Resources, Energy, Chemical & Electronics Business Unit, we will invest in tight oil development in North America, the Sierra Gorda copper mine in Chile, and other projects under development, as well as expansion of established projects.
- In non-resource fields, we will focus investment on the Metal Products Business Unit's North American tubular products business, expansion of the Transportation & Construction Systems Business Unit's automotive value chain; the Environment & Infrastructure Business Unit's overseas independent power producer (IPP) business; and the Media, Network, Lifestyle Related Goods & Services Business Unit's real estate operations and overseas media business development. In this way we will maintain the balanced portfolio for which we are known.

New Investment and Loans Plan (Two-year Total)

	Amount of Investment and Loans (Billions of Yen)	Primary Fields
Metal Products	80.0	Tubular Products Business
Transportation & Construction Systems	160.0	Automotive Business
Environment & Infrastructure	90.0	Power Infrastructure Business
Media, Network, Lifestyle Related Goods & Services	130.0	Media Business, Real Estate Business
Mineral Resources, Energy, Chemical & Electronics	190.0	Upstream in Mineral Resources and Energy Business
Strategic Industrial/Regional Focus	100.0	—
Total	**750.0**	

Strategic Industrial Focus

• Unconventional energy-related businesses

We aim to develop LNG exports and create value chains involving petrochemical products building on our shale gas and tight oil development business in North America.

Besides this, we will put our integrated corporate strengths into play to pursue the abundant business opportunities in fields related to the unconventional energy business, including tubular products and infrastructure.

• Retail business in Asia

We will work to grow our retail business earnings base by tapping into the robust consumption demand in other Asian nations, drawing on the strengths and functions that we have amassed through our Japan-centered retail operations, along with the experience, know-how, and personal networks that we have built up in Asia, and deploying successful business models from Japan to gain a foothold for development of our Asian business.

• Food business

In the context of medium-to-long-term growth in the global population and in demand for food, we will identify global supply and demand imbalances, and focus mainly on advancing food operations overseas.

›› For information on unconventional energy-related businesses and food operations, please refer to Feature II starting from page 26.

Strategic Regional Focus

• India, Brazil, Myanmar, Turkey, Sub-Saharan Africa (six countries)

In India and Brazil, we will take our operations to the next level by focusing initiatives on areas where we can exert our strengths. In Myanmar, Turkey, and six sub-Saharan African countries (South Africa, Nigeria, Angola, Tanzania, Mozambique, and Ghana), we will first work to ascertain where business opportunities lie and where to focus business development.

■ Asset Divestiture & Reduction Plan

BBBO2014 targets asset divestitures and reductions amounting to ¥770 billion, on par with new investment and loans totaling ¥750 billion. In addition to shrinking or exiting from businesses with poor earnings and growth potential, we will reduce assets while controlling the balance sheet through strategic alliances with strong partners inviting them to take shares in our existing businesses.

Asset Divestiture & Reduction Plan (Two-year Total)	Total Assets **– ¥770 billion**

Shift corporate and human resources to growth fields

Strategic Industrial Focus

- Unconventional energy-related businesses
- Retail business in Asia
- Food business

Strategic Regional Focus

- India
- Brazil
- Myanmar
- Turkey
- Sub-Saharan Africa (six countries)

Management Base That Supports Earning Power

To thoroughly enhance our earning power, new investment and loans and business divestitures are not enough; we must also strengthen the management base that supports our earning power. Under BBBO2014, we will further reinforce the management base supporting front-line operations. These initiatives will be taken on four key fronts: (1) strengthen management abilities on business investment; (2) strengthen foundations of overseas regional organizations; (3) maintain financial soundness; and (4) develop and deploy the human resources required to achieve our vision.

Strengthen management abilities on business investment

Strengthen business investment management abilities to ensure increased value for businesses

Given the tendency for the amount of risk-adjusted assets per project to rise, notably in connection with resource investments and participation in manufacturing, we will strengthen our business investment management ability so as to increase the value of major investment and loans as soon as possible.

Strengthen foundations of overseas regional organizations

Strengthen overseas regional organizations' foundations to tap into growth markets' vitality and business opportunities

Overseas economic growth trends are expected to continue, chiefly in emerging countries. We will therefore strengthen the foundations of our overseas regional organizations, which are familiar with local political and economic affairs and business practices.

Maintain financial soundness

Maintain and secure a sound financial structure to enable steady, continuous growth

While actively investing, we will maintain a sound financial structure not overly reliant on interest-bearing liabilities.

Develop and deploy the human resources required to achieve our vision

We will strengthen human resource development, emphasizing diverse experience in the field, while promoting measures to develop and deploy talent globally

We will focus on developing human resources to lead the thorough enhancement of earning power that we need to achieve profit growth on a higher level.

Maintaining Financial Soundness

From the perspective of stable management, our basic management policy is to keep risk-adjusted assets, which are our maximum possible losses, within our core risk buffer*1, which is shareholders' equity.

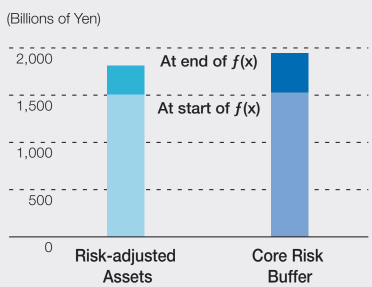
›› See "Risk-adjusted Return Management" on page 77.

In addition, we manage our balance sheet from the perspectives of ensuring liquidity, maintaining an appropriate debt-equity ratio (DER), and controlling the scale of total assets, while giving consideration to current financial market conditions. In this way, we have conducted operations without excessive dependence on interest-bearing liabilities.

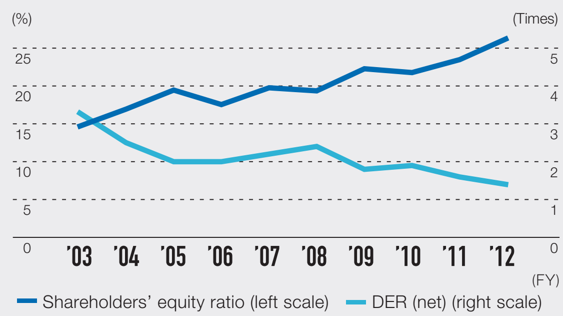
As of the end of fiscal 2012 (March 31, 2013), we had retained high liquidity, with cash and deposits of ¥931.1 billion against total assets of ¥7,832.8 billion. Shareholders' equity had increased to ¥2,052.8 billion, so that the shareholders' equity ratio was 26.2%, and the net DER improved to 1.4.

*1 Core Risk Buffer = Common stock + Retained earnings + Foreign currency translation adjustments – Treasury stock, at cost

Risk-adjusted Assets and Core Risk Buffer Balance



Shareholders' Equity Ratio and DER (Net)



Enhancing Basic Profit Cash Flow*2 Monitoring and Boosting the Core Risk Buffer

Under BBBO2014, we intend to aggressively invest in augmenting our earning power while remaining financially sound.

To make new investment and loans while managing total assets at an appropriate level and steering clear of overexposure to interest-bearing liabilities, as we have done so far, we will need to maintain the financial capacity for investment. With basic profit cash flow as a new benchmark under BBBO2014, we will secure this financial capacity by recouping cash via dividends from associated companies, as well as working to recover cash by replacing assets and generating value from existing projects.

Also, while upholding our basic policy of keeping risk-adjusted assets within the core risk buffer, we will secure financial capacity for investment by augmenting our core risk buffer and building a more solid financial base; for this purpose we will see to it that our business investments produce profits matching their business plans.

Maintaining Financial Soundness

- Keep risk-adjusted assets from exceeding the core risk buffer
- Manage total assets at an appropriate level to avoid excessive dependence on interest-bearing liabilities

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Securing Financial Capacity for Investment

- Cash flow perspective
  ⇒ Basic profit cash flow
- Boost core risk buffer
  ⇒ Increase profitability

*2 Basic profit cash flow = Basic profit – Share of profit of investments accounted for using the equity method + Dividends from associated companies
Basic Profit = (Gross profit + Selling, general and administrative expenses (excluding provision for doubtful receivables) + Interest expense, net + Dividends) x (1 – Tax rate) + Share of profit of investments accounted for using the equity method

Feature II: Aim for an Even Higher Level of Profit Growth

EXPANSION IN SCOPE OF THE UNCONVENTIONAL ENERGY BUSINESSES

Combining Strengths and Capabilities in Pursuit of New Value in a Growth Field

Shale Revolution: A Global Energy Market Game Changer

The U.S. energy situation changed overnight with the successful extraction of shale gas. Until the mid-2000s the U.S. had been expected to become the world's largest importer of natural gas, but with the revolution of shale gas the country is now poised to become an exporter of liquefied natural gas (LNG).

Shale is a rock formed from hardened horizontal layers of mud, and shale gas is a hydrocarbon gas stored within spaces in the shale. It has long been known that shale gas exists throughout the world. However, commercial production had not been feasible because previous drilling technologies alone were not really up to the task of bringing shale gas to the surface. The U.S. was the first to successfully develop technology for the job. Entering the 2000s, horizontal drilling and hydraulic fracturing technologies were established that vastly improved shale gas productivity. From around 2006, full-scale commercial production of shale gas began. Before shale gas development was achieved, natural gas suppliers were concentrated in the Middle East. The advance of shale gas development throughout the U.S. has since been transforming the global natural gas market landscape.

Horizontal Drilling and Hydraulic Fracturing

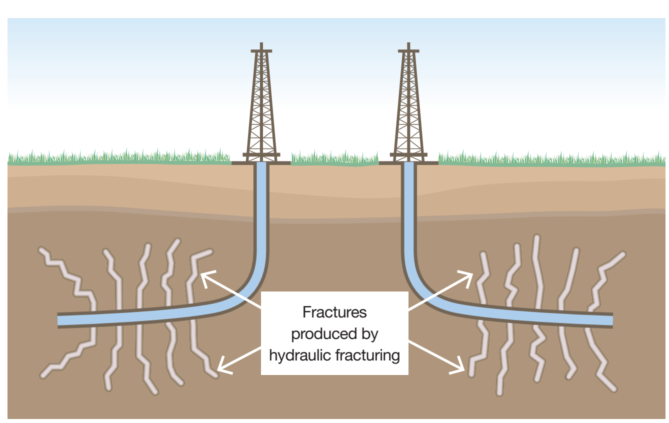
Two Key Technologies

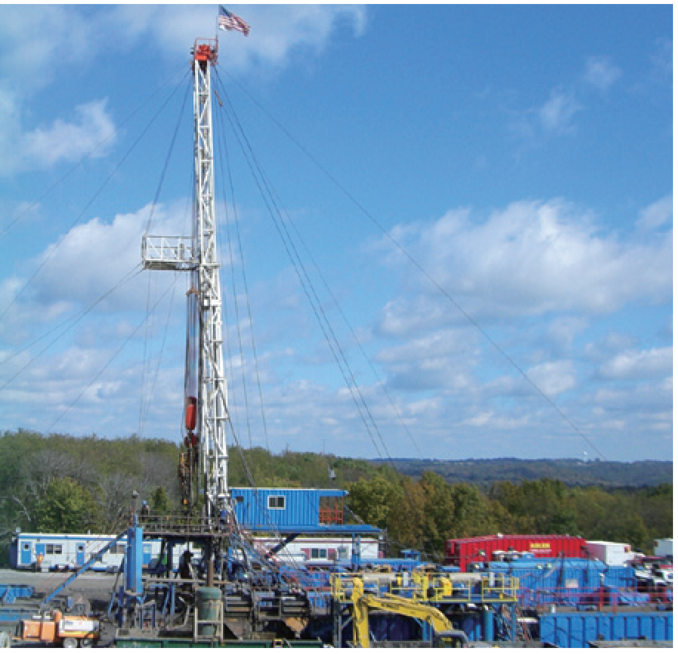
Horizontal Drilling (Lead time of around 1 to 2 weeks)

- Broad expanses of natural gas can be recovered economically by drilling wells in parallel to the horizontal shale layers.

Hydraulic Fracturing (Lead time of around 2 weeks)

- Highly pressurized water is pumped underground to fracture the shale layers.
- Next, sandy grains of proppant are gradually mixed into the water to hold fractures in the shale open.
- Natural gas is produced by extracting it from fractures held open by the proppant.





A drilling rig in the Marcellus Shale Fields

From Shale Gas Development to Tight Oil Development

Sumitomo Corporation's exploration and production (E&P) business had until now been focused on oil fields in British and Norwegian zones of the North Sea as core assets. In pursuing the possibility of building up our prime assets further, we began seeing great potential in shale gas, as it is driving the transformation of the oil and gas development industry. In December 2009, Sumitomo Corporation became the first Asian company in shale gas development by agreeing to participate in a project being led by Carrizo Oil & Gas, Inc. in the Barnett Shale Fields in the leading shale gas producing state of Texas, U.S.

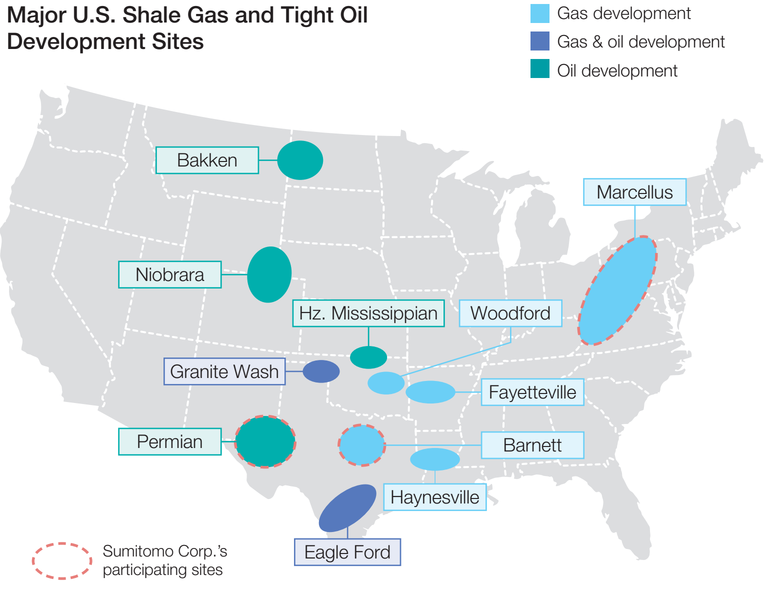
We also joined the Marcellus Shale Fields development project in Pennsylvania in September 2010. The Marcellus project plans call for at least 1,100 wells to be drilled by 2020.

Sumitomo Corporation's oil and gas development business is delving even further into unconventional crude oil (tight oil) development. Tight oil is crude oil contained in shale, limestone and sandstone formations with low permeability. As with shale gas, it is extracted using horizontal drilling and hydraulic fracturing technologies. In September 2012, we signed an agreement to participate in Devon Energy Corporation's tight oil development project in the Permian Basin in Texas. The project will fuel dramatic longer-term earnings advances for us as it has enhanced our oil and gas assets, which we have positioned as a key strategic resource within our portfolio strategy for upstream resource and energy operations.

The project's development area is the Permian Basin, which boasts the largest proven oil reserves in North America and accounts for 20% of total crude oil production in the U.S. As shale gas and tight oil development technology has advanced, the Permian Basin has come to be one of the most active development areas in the entire U.S. In addition, our partner Devon Energy Corporation has pioneered shale development, for instance by being the first in the industry to use horizontal drilling technology in development. It is currently a top operator with outstanding technological experience and know-how.

We are forging ahead with leading partners in such promising development areas with high potential. Our goal is to establish ourselves as a leading Japanese company in unconventional energy development by building on the unconventional energy-related expertise, insight, and industry presence, which are the strengths we have gained through the Barnett and Marcellus shale projects.

Major U.S. Shale Gas and Tight Oil Development Sites



Multidimensional Development From Upstream Development Leveraging Our Integrated Corporate Strengths

Shale gas, tight oil, and other unconventional energy operations entail an array of functions in every part of the process from the upstream through the midstream including drilling, production, and transportation. Sumitomo Corporation is ascertaining these needs and going beyond upstream development to leverage its strengths and put its collective abilities into play to realize multidimensional business development.

Taking North American Tubular Products Business Growth Further

About 12 million tons of oil country tubular goods (OCTG) are consumed worldwide each year. Half of this, or about six million tons, is used in the U.S.—making it the world's largest OCTG market.

Sumitomo Corporation has long been in the business in North America, having made a full-fledged entry into tubular products distribution 25 years ago. Against a backdrop of thriving shale gas and oil development, we have since expanded our operations centered on our proprietary distribution network into areas such as manufacturing and processing while meeting changing customer needs. We now command a roughly 20% share of the North American OCTG market.

In this OCTG market, demand for small-diameter tubular goods has surged since around 2007 in line with the rise in shale gas and oil development in which they are used. This spurred us to participate in a small-diameter seamless steel pipe manufacturing business led by major French steel pipe producer Vallourec S.A. in September 2011.

Pipe cutting process at a U.S. seamless steel pipe manufacturing subsidiary

Operations commenced in fall 2012. We plan to reach full capacity production in 2013 with annual steel pipe output of about 350,000 tons, and aim to further expand our share of the OCTG business.

Additionally, we acquired the Howco Group at the end of 2006 to gain a foothold in oil field equipment (OFE), the field adjacent to the OCTG business. The revolutionary rise in shale gas and oil production has made OFE a huge market currently worth ¥40 trillion. We will employ Howco's oil field equipment processing and distribution capabilities to capture this demand.

Sumitomo Corporation's North American tubular product business is built on three strengths: 1) an extensive customer base centered on long-term contracts with a broad range of oil companies, from the majors to small- and medium-sized independent firms; 2) a distribution network enabling just-in-time supply of high quality products; and 3) a support system for smooth operations based on a proprietary IT system, including an OCTG supply chain management system. Along with reinforcing this foundation, we will augment our tubular product business role as a total solutions provider covering upstream through midstream operations by growing our OFE business driven by Howco as well as our line pipe and specialty tubular products operations.

Using Natural Gas Trading Track Record to Move Into LNG Exports

In April 2013, Sumitomo Corporation agreed to participate in the Cove Point LNG Project in Lusby, Maryland, planned by Dominion Cove Point LNG, LP (Dominion). The project entails building a new natural gas liquefaction plant at the existing Cove Point LNG Terminal currently in operation as a LNG receiving terminal. The plant will be used to produce LNG for export from domestic natural gas, including shale gas. The goal is to commence operations in 2017 after completing procedures including receiving approval from the U.S. Department of Energy to export LNG to countries without free-trade agreements with the U.S. Sumitomo Corporation concluded an agreement via its wholly owned subsidiary Pacific Summit Energy LLC (PSE) with Dominion to liquefy around 2.3 million tons of natural gas a year. Sumitomo Corporation also entered into basic agreements to sell the LNG produced from the project to Tokyo Gas Co., Ltd.

and Kansai Electric Power Co., Inc. over a 20-year period starting in 2017.

In 2004, we established PSE and began our natural gas trading and marketing business in the U.S. We have grown to become the only 100% Japanese-invested firm player with annual natural gas trading activity in the U.S. on a scale equivalent to 10 million tons of LNG. PSE's role in the Cove Point LNG Project is to combine diverse resources from the U.S. natural gas market and Sumitomo Corporation's interests to supply the liquefaction plant with a steady stream of competitively priced natural gas over the long term.

By capitalizing on expertise in natural gas trading and strengths in gas procurement gained through the abovementioned shale upstream development and PSE operations, the project aims to build a natural gas and LNG value chain from shale gas development to distribution, liquefaction, and export. Sumitomo Corporation will use this value chain as a foundation to supply Japan with LNG linked to U.S. natural gas prices in a bid to diversify Japan's LNG supply and procurement pricing formulas, thereby contributing to Japan's energy security.

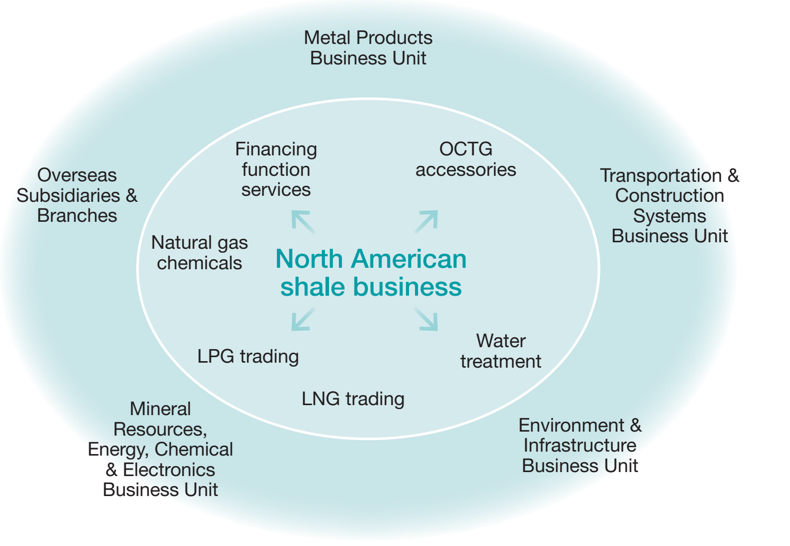
Combining the Group's Strengths in Pursuit of New Value

This is only a single example. The areas of unconventional energy business where our strengths can be applied are far reaching. For instance, hydraulic fracturing in shale gas and oil development requires a tremendous amount of water. Chemicals—albeit a small amount—are added to this water, so the wastewater cannot be disposed of directly into waterways. The wastewater must either be disposed of into dedicated wells or treated before being discharged or recycled. Demand for wastewater treatment and recycling is expected to rise to protect the environment. The Environment & Infrastructure Business Unit is exploring steps based on its track record and know-how in water treatment overseas to meet these anticipated needs. Further, shale gas and oil production generates byproducts such as ethane, propane, and butane. The Mineral Resources, Energy, Chemical & Electronics Business Unit is working to leverage its many years of trading experience to put these byproducts to use in expanding petrochemicals and LPG operations.

Dominion's Cove Point LNG terminal

In September 2012, we launched a working group spanning the entire organization for unconventional energy businesses. We strengthened ties not only with marketing departments but also with overseas bases. We also established a framework for global information sharing to uncover new business and investment opportunities. Moreover, our medium-term management plan, Be the Best, Be the One 2014, calls for strategic investment in unconventional energy-related businesses as a strategic industrial focus for the entire Group. We will seize business opportunities arising from the major paradigm shift brought about by the shale revolution. Specifically, we will establish a new business pillar by combining our strengths and abilities, and unleashing our integrated corporate strength to expand the scope of our unconventional energy businesses.

Business Expansion in Unconventional Energy



Feature II: Aim for an Even Higher Level of Profit Growth

EXPANDING THE AGRICULTURAL MATERIALS VALUE CHAIN

Contributing to Ever Higher Crop Yields

Increasing Crop Production is a Global Task

The international food situation has seen profound, unprecedented change over the past several years. The world's population has topped seven billion, and is projected to reach nine billion in 2050. The emerging markets driving this growth are seeing changes in lifestyles along with major transformations in quantitative and qualitative demand for food as economic development swiftly advances. Furthermore, demand for biofuels, like biodiesel and bioethanol produced from crops such as corn and soybeans, is rising amid recently heightened global environmental interest. This has spurred concerns about competition between food and fuel uses for these raw materials. Moreover, extreme weather events attributed to global warming are frequently occurring around the world. If global warming progresses further, it is feared that large-scale climate changes, desertification, changes in land suitability for cultivation, and the like will affect worldwide crop production.

Meanwhile, limited agricultural land means it is actually very difficult to increase crop yield in one fell swoop. Clearly, crop protection products, seeds, fertilizers, and other agricultural materials will play an increasingly important role in making the most of finite agricultural land and raising crop productivity. Sumitomo Corporation is also working to be a part of the solution to the global task of boosting crop production, with various measures focused on its strengths in the crop protection business.

Developing the Crop Protection Business and Expanding Into Multifaceted Support for Crop Production

Our crop protection business has a long history even among integrated trading companies. Since the 1970s, our Group has leveraged its overseas networks to distribute crop protection products produced by Japanese manufacturers around the globe. We now export crop protection products to approximately 100 countries around the world, and our crop protection products import and distribution business has grown to span around 30 countries.

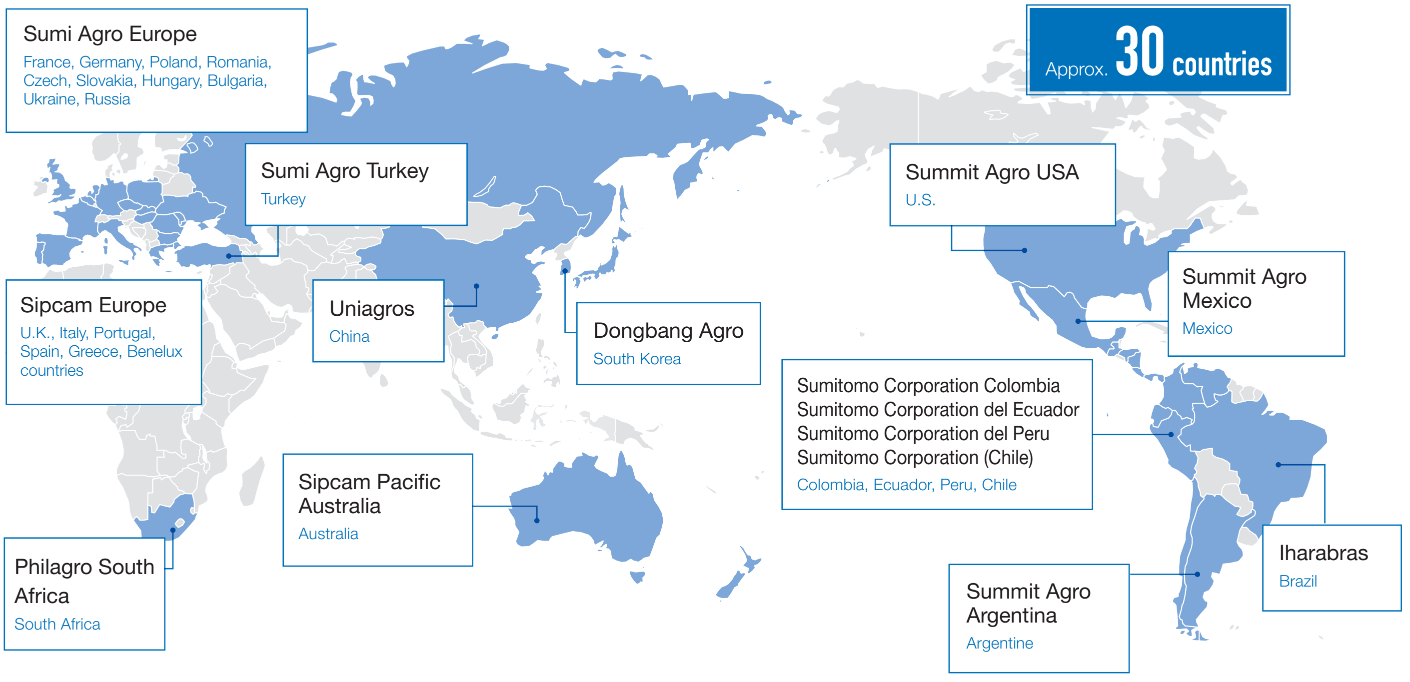
Developing crop protection products requires huge investments of time and money, and approval standards are becoming tougher everywhere. Launching a new crop protection product is said to take about 10 years and ¥5 billion (equivalent to US$50 million currently) in development costs. In addition to supporting development and sales—primarily of Japanese manufacturers' products—to quickly get new crop protection products to market, Sumitomo Corporation handles generic products that have synergies with those products to enhance the product lineup. As

Romania's vast agricultural land stretching out into the horizon

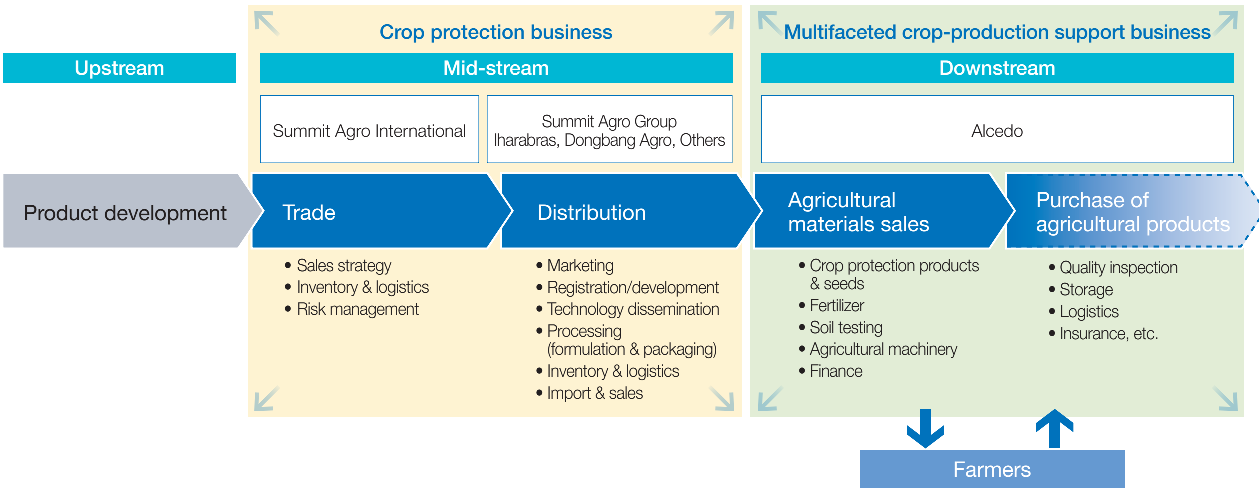
agriculture conditions are different in each country, we are also working to tailor our operations to meet the needs of local customers. This includes promoting human resource localization, and drawing on our know-how in areas such as credit, inventory, and foreign exchange management. Our initiatives have earned us a solid reputation and trust from our customers and suppliers. By staying in tune with the changing times and landscape in this way, we have built a stable business model at each stage in the value chain.

In addition to such worldwide activities supporting the product development and sales of manufacturers near the upstream, and midstream operations in crop protection product import and wholesaling (distribution), Sumitomo Corporation is focusing on developing a multifaceted crop-production support business rooted in direct transactions with downstream farmers. We will use our relationships of trust built on crop protection product sales, forging partnerships with leading wholesalers in various countries to serve as a one-stop shop for everything farmers need—from crop protection products to seeds, fertilizers, agricultural machinery, and soil tests. In doing this, we hope to contribute to resolution of global food issues.

Crop Protection Product Global Distribution Network



Crop Protection Business Value Chain



Helping Increase Romania's Crop Production

In 2011, we acquired the Romanian agricultural materials distributor Alcedo S.R.L. and launched our multifaceted crop-production support business encompassing direct transactions with farmers. Romania is an agricultural country with fertile grain-producing regions where cultivation of crops, including wheat, corn, sunflower, and rapeseed, is abundant. At about 14 million hectares, Romania's farmland area is the sixth largest among 27 EU nations and roughly three times that of Japan. However, the country's crop yield per hectare is extremely low at one third that of France where the food self-sufficiency rate is 121%. Romania is behind in the efficient use of agricultural land, chiefly due to low use of crop protection products and other agricultural materials. Established in 1990, Alcedo is the largest comprehensive agricultural materials sales company in Romania. Targeting a universe of medium-sized farmers (including farming companies) throughout Romania, it serves 3,500 customers (farms), or about one third of that universe. Along with agronomists (sales staff with a knowledge of crop production technology) nationwide and meticulous distribution service extending from crop protection products to seeds and fertilizers, the company provides technical services such as soil tests to improve soil quality. Moreover, Alcedo's group companies have crop protection production sites and grain silos that help make it a one-stop provider of a wide range of services, from supplying farmers with agricultural materials to buying their crops.

Romania has many small farms and machinery use has been slow to gain ground, with new farming equipment sometimes used together with antiquated machinery from the 1970s.

Alcedo's open and efficient office atmosphere with the president and employees seated side by side

This has earned Alcedo the trust of farmers and top market share among Romania's agricultural materials sellers.

Subsequent to participation in its management, Sumitomo Corporation has been working to fortify Alcedo's strength so far in agricultural materials sales as well as bolster services such as financing for farmers and the purchasing of their crops.

Our first step was to raise Alcedo's creditworthiness through equity participation, strengthening its ability to obtain financing and deliver products. We established a scheme where Alcedo supplies farmers with the seeds and fertilizer they need for the planting season, and then collects payment after crops are harvested. We are also adding depth to finance functions including by enabling deferred payment for tractors and other farming machinery.

In addition, Alcedo's group companies have silos to store corn, sunflower, and other seeds sold to farmers, and grains purchased from farmers. Alcedo is planning to build even more silos to increase storage capacity for grains bought from farmers from 8,000 tons to 50,000 tons. By expanding the framework for buying crops from farmers, and supplying more agricultural materials such as crop protection products and fertilizer in line with increased purchase volume, Alcedo is contributing to higher agricultural productivity. This system facilitates closer interaction with farmers from the start of grain production through harvest, generating a virtuous cycle where consultations regarding issues like poor growth and low crop yield tie to growth in sales of crop protection products and fertilizers meeting the individual needs of some 3,500 farms.

Alcedo's grain silos

Greater involvement with farmers, from production through harvest, enables Alcedo to grasp crop protection products and fertilizer use history. Leveraging the traceability that this ensures, we have begun taking steps toward grain export. Growing interest in food safety and security in Japan and other developed nations has come with rising demand for traceable food. Sumitomo Corporation exported Romanian rapeseed to Japan on a trial basis in 2011, in rising to the challenge of diversifying sources of such safe food in Japan.

In this way, Sumitomo Corporation and Alcedo aim to increase agricultural productivity by always standing in the shoes of farmers to offer them even more sophisticated comprehensive services. While steadily working toward solutions for agricultural development in Romania, we are also looking to help establish Romania as a grain supply hub in the future by strengthening our functions in purchasing crops and executing bulk sales to major grain companies and others.

Contribution to Solutions for Global Issues and Increasing Our Presence

Our initiatives in Romania have given us an understanding of tasks for agricultural development and latent demand from farmers, while keeping us in touch with agricultural issues from the government to the individual farmer level. Moving ahead, we will leverage this knowledge to expand our multifaceted crop-production support business, and extend operations to other emerging agricultural countries with scope for increasing the yield per farmland.

In managing Alcedo, we aim to better understand the needs of the countries we serve and realize sustainable community-oriented operations. Local human resources have filled the top management spots from the very start when we acquired the firm. We believe this is vital in order to truly contribute to the community. We will continue to expand our business globally in keeping with various countries' agricultural circumstances, while taking on the challenge of helping find solutions to worldwide food problems.

2

CHAPTER 2

OVERVIEW OF OPERATIONS

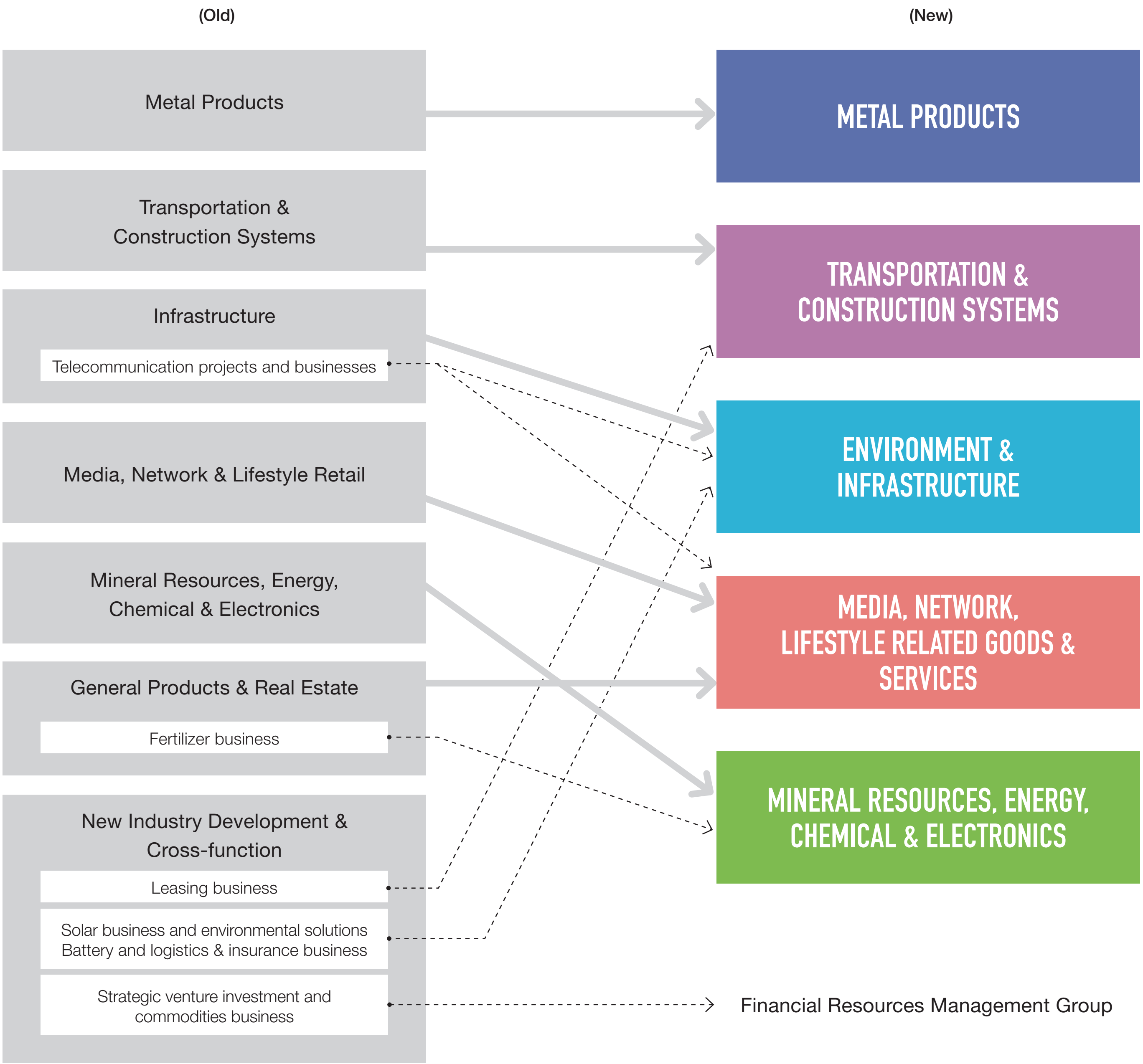
Organizational Changes

Having strategically reviewed our seven existing business units from the perspectives of business fields and functions, we consolidated them into five; namely, “Metal Products,” “Transportation & Construction Systems,” “Environment & Infrastructure,” “Media, Network, Lifestyle Related Goods & Services,” and “Mineral Resources, Energy, Chemical & Electronics.”

In addition, we regrouped our overseas regional organizations into four broad regions; namely, “East Asia,” “Asia & Oceania,” “Europe, Middle East, Africa & CIS,” and “The Americas.” This move was intended to enhance the ability of regional organizations to initiate new businesses, improve their corporate functions, and strengthen their ability to recruit and develop human resources. In this way we will further promote the strengthening of regional organizations’ earnings bases, and we will reinforce our organizational setup for the shifting of corporate resources to growth markets on a global basis.

The five business units and the domestic and overseas regional organizations aim to seize global changes in the business environment, and customer needs, as opportunities for generating and broadening the scope of business.

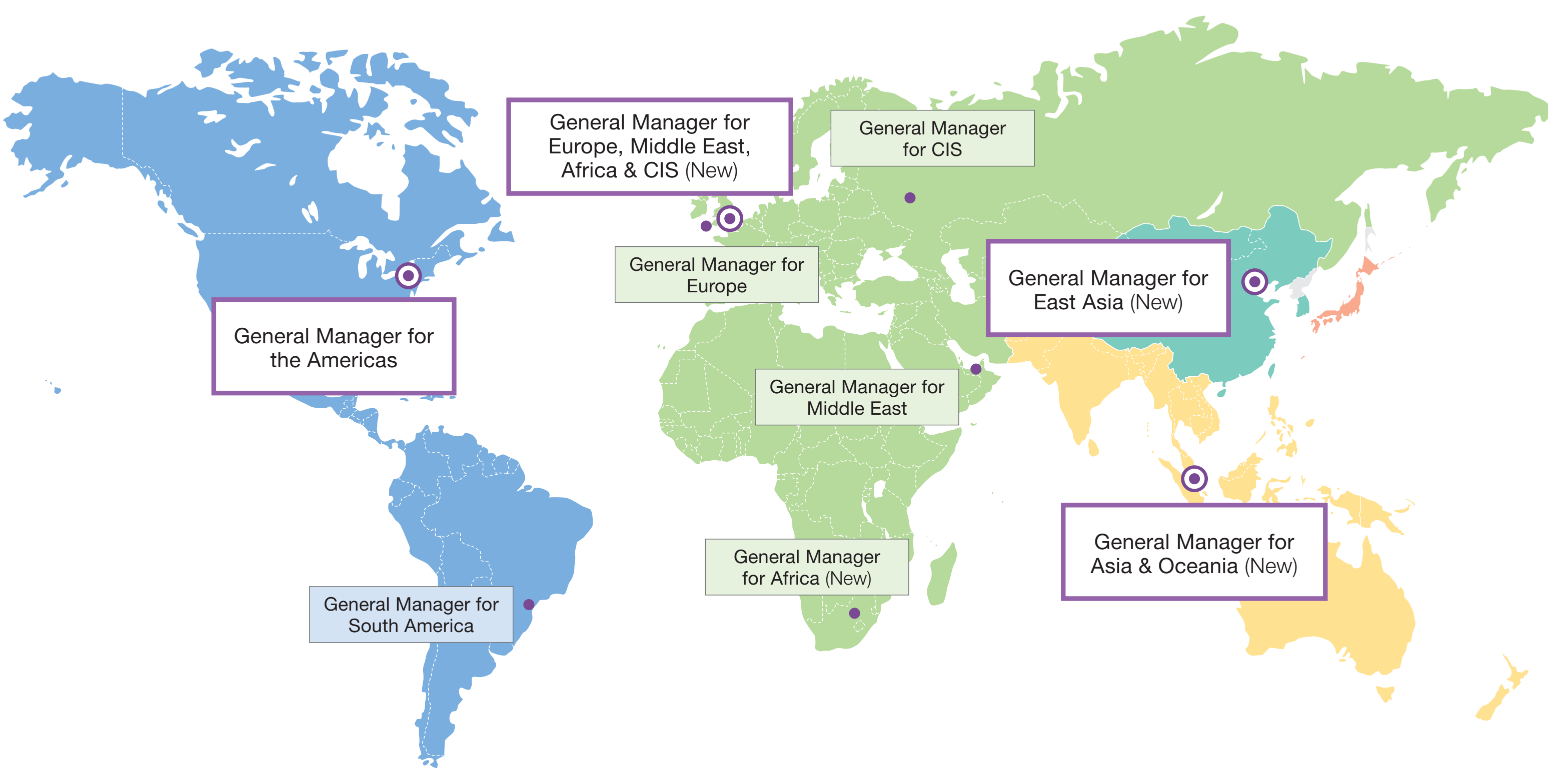
[Reorganization of Business Units]



[Regrouping Overseas Organizations into Four Broad Regions]

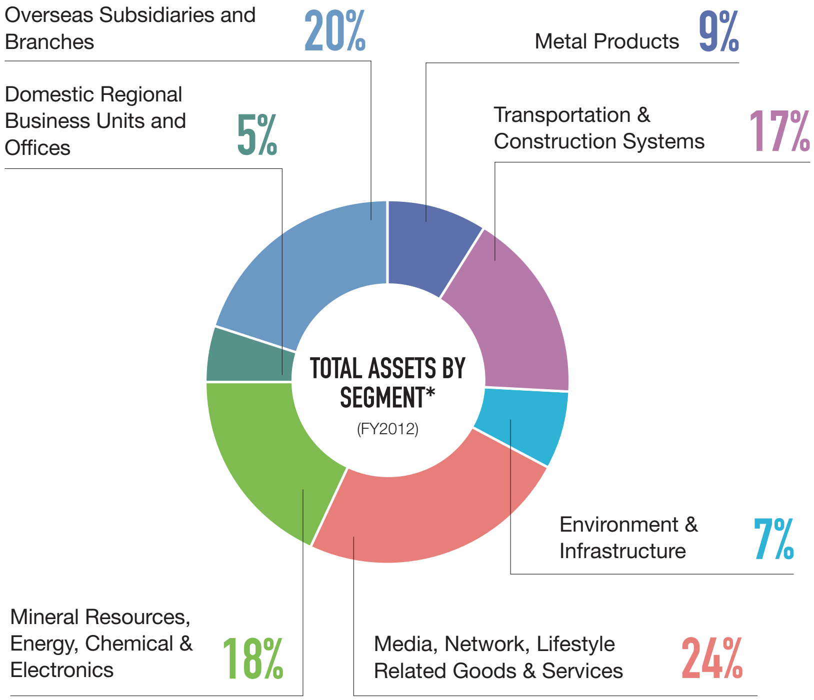
(Old)	(New)	<Regions in Charge>
General Manager for China Sumitomo Corporation Taiwan Ltd. Sumitomo Corporation Korea Ltd.	General Manager for East Asia (New)	China, Hong Kong, Macau, Mongolia, Taiwan, and South Korea
General Manager for Asia Sumitomo Australia Pty Ltd	General Manager for Asia & Oceania (New)	Southeast Asia, Southwest Asia, and Oceania
General Manager for Europe General Manager for Middle East General Manager for CIS Sumitomo Corporation Johannesburg Branch Liaison Offices in Sub-Sahara Africa	General Manager for Europe, Middle East, Africa & CIS (New) General Manager for Europe General Manager for Africa (New) General Manager for Middle East General Manager for CIS	Europe, Africa, the Middle East, the CIS, and Georgia
General Manager for the Americas General Manager for South America	General Manager for the Americas General Manager for South America	The Americas

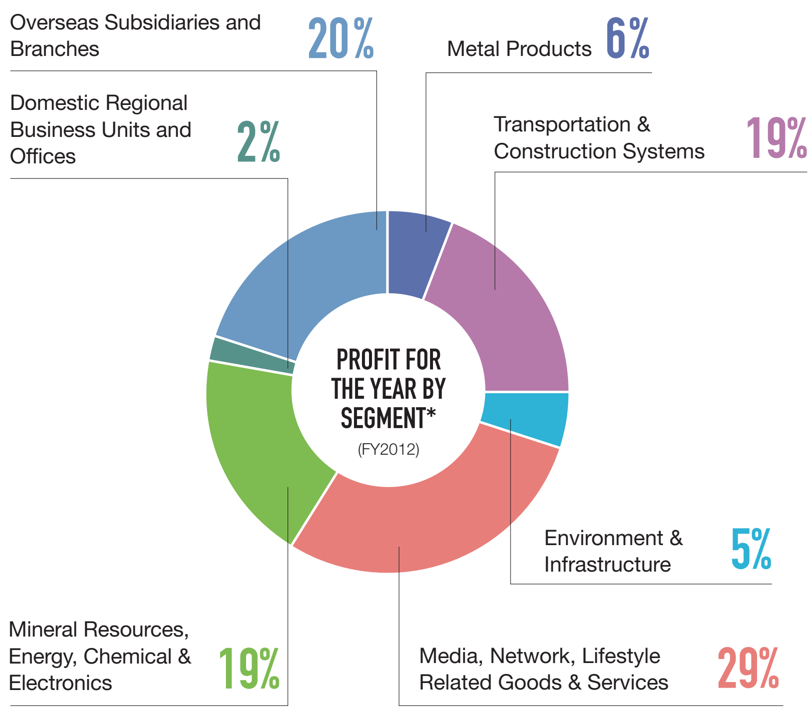
Regional Organization Network



At a Glance

* Results for past fiscal years were recombined in accordance with organizational reforms effective fiscal 2013.





* Excluding corporate and eliminations

Main businesses	Gross profit (Billions of yen)	Profit for the year (attributable to owners of the parent) (Billions of yen)	Total assets (Billions of yen)	
• Tubular products • Steel sheets • Non-ferrous metal products, etc.	'11: 66.9 '12: 65.2 '13*: 77.0	'11: 15.3 '12: 15.2 '13*: 21.0	'11: 648.2 '12: 671.2	›› P40
• Ships • Aerospace • Railcars • Automobiles • Construction equipment, etc.	'11: 149.5 '12: 120.3 '13*: 115.0	'11: 40.5 '12: 44.8 '13*: 38.0	'11: 1,166.3 '12: 1,264.2	›› P44
• Overseas power infrastructure • Renewable energy • Water infrastructure • Overseas industrial parks, etc.	'11: 51.4 '12: 54.0 '13*: 57.0	'11: 10.8 '12: 12.4 '13*: 14.0	'11: 606.8 '12: 575.0	›› P48
• Cable television (CATV) • TV shopping • Food • Real estate, etc.	'11: 315.5 '12: 281.2 '13*: 289.0	'11: 51.1 '12: 68.9 '13*: 49.0	'11: 1,815.7 '12: 1,789.2	›› P52
• Mineral resources and energy (copper, coal, iron ore, crude oil and gas, etc.) • Crop protection • Fertilizer, etc.	'11: 119.0 '12: 85.6 '13*: 83.0	'11: 90.8 '12: 46.9 '13*: 39.0	'11: 1,204.4 '12: 1,370.9	›› P56
	'11: 37.6 '12: 38.2 '13*: 38.0	'11: 5.0 '12: 5.4 '13*: 6.0	'11: 417.1 '12: 353.9	›› P62
	'11: 179.0 '12: 184.8 '13*: 212.0	'11: 48.9 '12: 48.5 '13*: 44.0	'11: 1,152.0 '12: 1,556.2	›› P60

* Forecast

METAL PRODUCTS BUSINESS UNIT

Organization

- Planning & Administration Dept., Metal Products Business Unit
- Steel Sheet & Construction Steel Products Division
- Metal Products for Automotive & Railway Industry Division
- Light Metals & Specialty Steel Sheet Division
- Tubular Products Division

MESSAGE FROM THE GENERAL MANAGER

KAZUHISA TOGASHI
General Manager,
Metal Products Business Unit

"We will adapt to changes in the business environment for metal products and continue leading the world in business model evolution."

The business environment for metals is changing in many ways as a result of consumption expanding in the emerging markets, Japanese manufacturers shifting their operations overseas, and companies reorganizing and consolidating within the industry.

We will achieve our growth strategy of strengthening our ties with global business partners and expanding value chains globally in the tubular products, steel sheet-related, and non-ferrous products & metals fields by harnessing our diverse functions efficiently. To this end, we will actively develop new business models to enhance the metal products business. For instance, we will expand our tubular products value chain in the energy field. In the steel-sheet related area, we will position ourselves as a significant supplier of metal products for transportation equipment with a presence in fields such as railways and automobiles. Moreover, one of our focuses in the non-ferrous metal products field is to expand our aluminum products value chain as a global player.

Performance Highlights

(Billions of yen)

	FY2011	FY2012	FY2013 forecast
Gross profit	66.9	65.2	77.0
Operating profit	19.4	18.2	–
Share of profit of investments accounted for using the equity method	5.0	5.6	–
Profit for the year (attributable to owners of the parent)	15.3	15.2	21.0
Total assets	648.2	671.2	–

* Results for past fiscal years were recombined in accordance with organizational reforms effective fiscal 2013.

BUSINESS UNIT OVERVIEW

Our business encompasses various metal products, including steel products such as steel sheets, tubular products, and non-ferrous metal products such as aluminum and titanium. We have an extensive value chain that satisfies the diverse needs of customers in a broad range of fields. In the steel sheet-related field, we provide just-in-time delivery services for steel sheet products mainly to automotive and home appliance manufacturers via our worldwide steel service center network, which provides functions including procurement, inventory management, and processing. In the tubular products field, we are enhancing our functions as a total service provider by developing oil field services in addition to our own proprietary supply chain management (SCM) system for oil and gas companies. In addition, in the non-ferrous products & metals field, our priority is to expand our production and sales locations for aluminum ingot and aluminum sheets.

FISCAL 2012 RESULTS

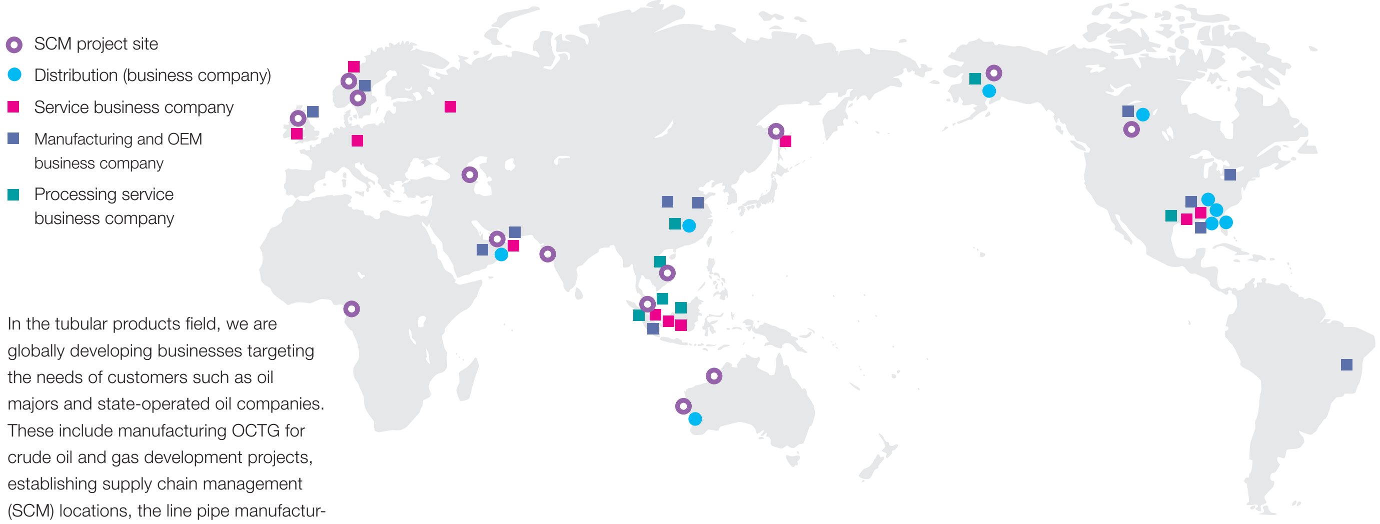
[Business Performance]

The North American tubular products business delivered a strong performance. However, overseas steel service center operations saw profit decline mainly due to impact from Chinese economic deceleration and the European financial crisis. As a result, profit for the year edged down ¥0.1 billion year on year to ¥15.2 billion in fiscal 2012.

[Main Investment and Loans]

- Acquisition of Kienle + Spiess GmbH (K+S), a German motor core components manufacturing and sales company
- Participation in the specialty steel processing and sales business of Mukand Limited in India
- Start of production at a small-diameter seamless steel pipe manufacturing business in the U.S.

Tubular Products Global Value Chain



In the tubular products field, we are globally developing businesses targeting the needs of customers such as oil majors and state-operated oil companies. These include manufacturing OCTG for crude oil and gas development projects, establishing supply chain management (SCM) locations, the line pipe manufacturing business, and specialty tubular products wholesaling worldwide.

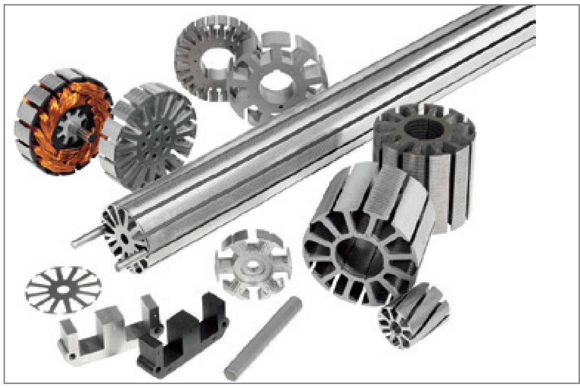
METAL PRODUCTS

BUSINESS FIELD OVERVIEW: WHAT WE AIM TO BE

Steel Sheet-related Field

WHAT WE AIM TO BE

We aim to fulfill growing demand in emerging countries and customer needs globally through business development extending from manufacturing to processing and distribution.



Motor cores are used in industrial motors, electric vehicles, hybrid cars, and wind power generation.

Business Environment

In emerging countries, robust consumer spending is fueling growing demand for automobiles, motorcycles, home appliances, and building materials. Further, a shift to railway transportation in developed countries and railway infrastructure development in emerging countries are expected to further boost demand for the steel products used as raw materials for this infrastructure.

Strengths and Strategies

In the steel sheet business, we will sharpen the competitive edge of our steel service center network spanning 36 companies in 14 countries worldwide, primarily in Asia and China, in step with changes in the business environment. In the transportation equipment business, which includes railway wheels, axels and automotive crankshafts, we will strive to grow market share by developing manufacturing and sales sites in regions around the globe.

Actions for What We Aim to Be

Sumitomo Corporation acquired all the shares of K+S, one of Europe's largest motor core manufacturing and sales companies. Motor cores are used in products such as industrial motors, electric vehicles, hybrid cars, and wind-generated power. Demand for motor cores is expected to grow on the back of environmental measures and awareness of rising energy costs. Also, we participated in the specialty steel processing and sales business in India where rising demand is projected along with the increase in motorcycles and automobiles.

Tubular Products Field

WHAT WE AIM TO BE

We aim to strengthen the tubular products value chain in response to increased energy demand over the medium to long term.

Small-diameter seamless steel pipe manufactured at Vallourec Star, LP in the U.S.

Business Environment

Demand for tubular products, including OCTG and line pipes for transporting oil and gas, is anticipated to increase over the medium to long term, in response to heightened demand for energy mainly in emerging countries.

Strengths and Strategies

Our business in the tubular products field boasts an industry-leading network and trading volume. This has been achieved by developing operations that demonstrate various value-added functions globally. For example, we have built supply chain management systems around the world, based on 23 contracts in 14 countries, providing integrated services ranging from ordering of tubular products to inventory management, processing, inspection, transportation and maintenance. We intend to continue enhancing the tubular product value chain we have developed so far, with a view to expanding our earnings base.

Actions for What We Aim to Be

In North America, we are engaged in a seamless steel pipe manufacturing business, as shale gas and oil development is expected to continue growing in the future. In addition to a medium-diameter seamless steel pipe mill, we have invested in a small-diameter seamless steel pipe manufacturing business as part of steps to reinforce our supply framework.

In addition, we aim to further enhance our tubular products value chain by bolstering operations in fields related to the OCTG business—namely oilfield equipment, material, and services.

Non-Ferrous Products & Metals Field

WHAT WE AIM TO BE ▶ We will bolster our relationships with global players to build cost-competitive value chains.

Business Environment

The scope of usage and application of aluminum, titanium and other non-ferrous metal products has broadened in recent years, with demand for them expected to grow further. This market should continue to expand, given the strong need to reduce the weight and improve the fuel economy of automobiles, aircraft and other transportation equipment.

Strengths and Strategies

In the aluminum business, we boast one of the highest transaction volumes in aluminum sales among Japanese general trading companies. We aim to build a value chain from smelting operations upstream to rolling mills midstream to expand our business base further, and accelerate the development of production locations near the growing global market for aluminum.

Actions for What We Aim to Be

In Malaysia, we are developing aluminum smelting operations with Press Metal Berhad, the country's biggest aluminum extrusion products company.

Additionally, we worked in partnership with other companies to acquire a rolled aluminum sheet manufacturing and sales company in the U.S., and are developing an aluminum can materials business focused on the Americas.

Electric furnaces for smelting aluminum ingots at Press Metal Berhad in Malaysia

CSR Through Business Activities

Global Safety Management

In the Metal Products Business Unit, all subsidiaries and associated companies document their safety activities in accordance with the Group's *Safety Manual, Safety and Hygiene Management Guidelines,* and *Work handbooks*, and every employee is appropriately trained on safety in the workplace. This vigilance helps prevent accidents before they happen.

The Tubular Products Division manages and operates the tubular products businesses throughout the world. The division has set a "Zero Harm" target, and has established a global safety network and implemented common and standardized safety management systems. The target, network and systems focus on efforts to continually improve operational management and maintain safe working environments. The division is using this network to facilitate timely sharing of safety information, greatly improve inter-regional communication, strengthen safety systems and promote safety measures. During the fiscal 2012, members of the network visited business and operational sites in North America, Europe, Asia-Pacific, the Middle East and the Far East. At each location they evaluated the status of safety management and worked with the employees there to identify opportunities for improvement. The Sakhalin operation achieved a seventh consecutive year without a lost time accident.

The OCTG inventory operation team in Sakhalin

TRANSPORTATION & CONSTRUCTION SYSTEMS BUSINESS UNIT

Organization
- Planning & Administration Dept., Transportation & Construction Systems Business Unit
- Ship, Aerospace & Transportation Systems Division
- Automotive Division, No. 1
- Automotive Division, No. 2
- Construction & Mining Systems Division

MESSAGE FROM THE GENERAL MANAGER

NAOKI HIDAKA
General Manager,
Transportation & Construction Systems Business Unit

“We aim for global business development to stay ahead of the times and prevail swiftly in all products and markets involving “motion.””

We take pride in our business unit’s mission to prevail swiftly in all products and markets involving “motion.” I want our business unit to grow to lead the entire Company by keeping abreast of global trends and staying ahead of the times.
To this end, we will ceaselessly rise to the challenge and create new value, so as to further strengthen our businesses with an edge heading toward fiscal 2019.
As a longer-term strategy in the field of ship, aerospace, and transportation equipment projects, we will enhance our highly profitable business portfolio including ship-owning and aircraft leasing.
In the automotive field, we will expand our value chain covering a wide territory from manufacturing to auto leasing and retail finance, as well as accelerate global development.
As for construction equipment, we look to set ourselves apart from rivals by adding depth to our sales and service operations in emerging countries and resource-rich nations, and our rental business in developed countries.

Performance Highlights

(Billions of yen)

	FY2011	FY2012	FY2013 forecast
Gross profit	149.5	120.3	115.0
Operating profit	33.3	24.5	–
Share of profit of investments accounted for using the equity method	22.2	27.2	–
Profit for the year (attributable to owners of the parent)	40.5	44.8	38.0
Total assets	1,166.3	1,264.2	–

* Results for past fiscal years were recombined in accordance with organizational reforms effective fiscal 2013.

BUSINESS UNIT OVERVIEW

We are advancing our upstream, midstream, and downstream operations in the areas of ships, aircraft, railway, automobiles, and other transportation systems as well as construction equipment. In the ship, aerospace, and railway business field, we run a leasing business focused on aircraft, in joint venture with Sumitomo Mitsui Finance and Leasing Co., Ltd. and Sumitomo Mitsui Banking Corporation. In addition, we import and export commercial aircraft components and defense-related equipment. Moreover, we are also the only trading company with an equity stake in a shipbuilding company, and we operate ships that we own and co-own as well. Our strengths also extend to the export of public transportation systems and railcars.

In the automotive field, our growing global value chain covers manufacturing, wholesale, retail, leasing and retail finance services. In the construction equipment field, we have the highest transaction volume of construction equipment among trading companies. In addition to construction equipment sales handled through our global network, we are establishing our value chain more firmly by expanding our comprehensive mining equipment services and rental operations. We are also developing the agricultural machinery sales business.

FISCAL 2012 RESULTS

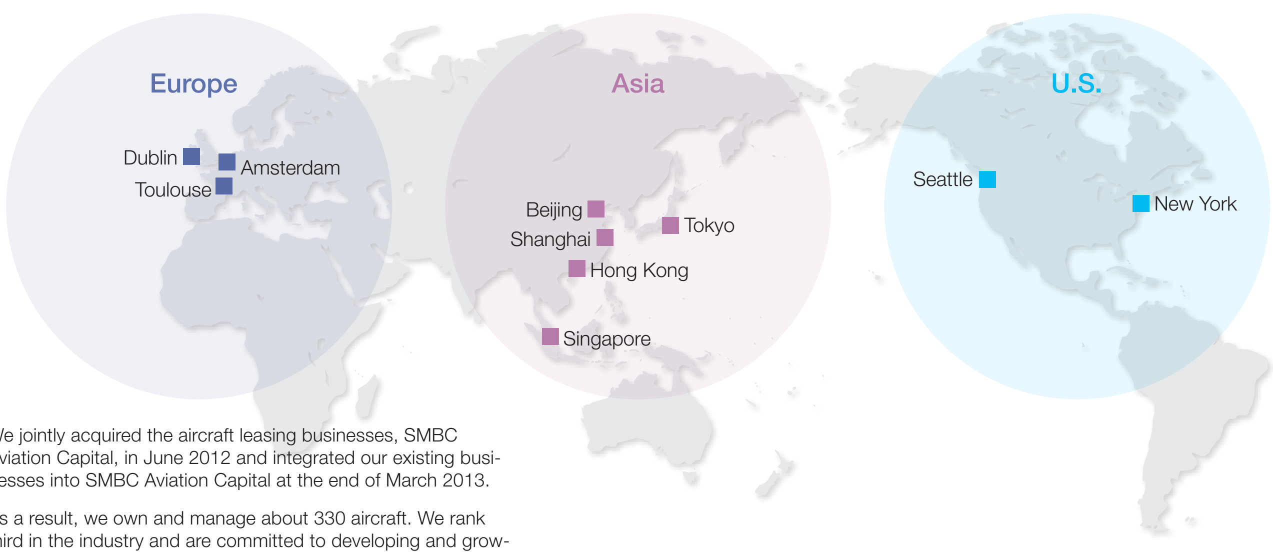
[Business Performance]

Profit for the year rose ¥4.3 billion year on year to ¥44.8 billion in fiscal 2012. In addition to earnings recovery in the Asian automobile finance business, growth was driven by contributions from earnings at the aircraft leasing business newly acquired in June 2012 and other non-recurring profit.

[Main Investment and Loans]

- Acquired a controlling interest of U.S. construction equipment rental company, Sunstate Equipment Co., LLC
- Jointly acquired Irish aircraft leasing businesses, SMBC Aviation Capital Limited

SMBC Aviation Capital Network



We jointly acquired the aircraft leasing businesses, SMBC Aviation Capital, in June 2012 and integrated our existing businesses into SMBC Aviation Capital at the end of March 2013.

As a result, we own and manage about 330 aircraft. We rank third in the industry and are committed to developing and growing our business globally.

TRANSPORTATION & CONSTRUCTION SYSTEMS

BUSINESS FIELD OVERVIEW: WHAT WE AIM TO BE

Automotive Field

WHAT WE AIM TO BE ▶ We will expand our earnings base in the automotive value chain and speed up global development.

Business Environment

Looking ahead, we anticipate sustained growth in demand in emerging countries as motorization takes hold. In developed countries with mature markets, we foresee new growth opportunities arising due to business model innovation and strategic alliances.

Strengths and Strategies

In finance businesses, we will pursue development overseas in collaboration with Sumitomo Mitsui Auto Service Company, Limited, which has become Japan's largest automobile leasing group. In automobile and motorcycle financing operations in Indonesia, we aim to leverage our robust customer base and business infrastructure to expand development to peripheral businesses. In manufacturing, we are expanding business in emerging markets—especially in Asia and Mexico—centered on the automobile parts manufacturer KIRIU Corporation, and will also concentrate on automobile manufacturing. In automotive sales operations, we will bolster sales in Libya, Iraq, Myanmar and other emerging countries where swift economic development is seen moving ahead.

Actions for What We Aim to Be

At our Mexican automobile manufacturing joint venture with Mazda Motor Corporation, we are targeting production and sales to North and Latin America within fiscal 2013.

Auto parts manufacturer KIRIU Corporation's Thailand plant undergoing production capacity expansion

Construction Equipment Field

WHAT WE AIM TO BE ▶ We aim to deepen our sales and service operations in emerging and resource-rich countries and our rental business in developed countries.

Business Environment

Demand for construction equipment is expected to expand in emerging countries due to heightened infrastructure development. Rental demand is also projected to climb in the biggest rental market for construction equipment—the U.S.—in large part due to a recovery in construction investment.

Strengths and Strategies

Our construction equipment business in Canada has become our greatest earnings driver, thanks to diversification and active investment primarily in the mining equipment business in past years. We are aiming to make China and Russia stable earnings pillars next to Canada by bolstering the operating infrastructure of our sales subsidiaries there. Furthermore, we are working to expand our earnings base in emerging countries by developing business in the Middle East and Asia. In Mongolia, Russia and other countries, we aim to develop a comprehensive mining equipment business closely tied to customers. In developed countries, where renting is becoming more prominent than ownership, we aim to promote the construction equipment rental business.

Actions for What We Aim to Be

We increased our equity stake to acquire a controlling interest in Sunstate Equipment Co., LLC, a major construction equipment rental company in the U.S. We intend to expand our construction equipment rental business in North America even more including our existing business company in Canada, with an eye to becoming a leading company in the industry.

Construction equipment for rent at Sunstate Equipment Co., LLC in the U.S.

Ship, Aerospace & Transportation Systems Field

WHAT WE AIM TO BE ▶ We will establish a stable longer-term earnings base for the ship, aircraft, leasing, and railway business.

Aircraft leasing in joint venture with the Sumitomo Mitsui Financial Group

Business Environment

Although the marine freight market is lackluster, the tide is turning toward environmentally friendly, energy-efficient ships, and there is growing demand for asset replacement and purchases in anticipation of recovery. We also expect increased longer-term demand for commercial aircraft on the back of growth in emerging countries, as well as growing global demand for railways driven by a modal shift in transportation.

Strengths and Strategies

In the ship business, we will enhance and expand our revenue base by capitalizing on our broad customer base built up through our trading activities and our value chain encompassing joint and independent ship operations as well as shipbuilding through Oshima Shipbuilding Co., Ltd. With SMBC Aviation Capital, we will strive to further expand the aircraft operating lease business by capturing demand for commercial aircraft in emerging countries, especially in Asia. We will also bolster businesses surrounding the growing commercial aviation market.
In the railway business, we aim to win large orders continuously in North America, Southeast Asia and also other regions based on expertise amassed in the construction of urban railway systems.

Actions for What We Aim to Be

We won a contract together with a state-owned Vietnamese general contractor for civil engineering work (excluding the underground section) on Vietnam's first urban railway, Ho Chi Minh City Metro Line 1. In Ho Chi Minh City where growth and development are expected to keep gaining steam, we will work to ease increasingly problematic traffic congestion and alleviate air pollution.

CSR Through Business Activities

1,200 Prius Vehicles to be Delivered for the Ukraine Police Force

Sumitomo Corporation signed an agreement with the Ministry of Internal Affairs of Ukraine to deliver about 1,200 Toyota Prius hybrid vehicles for use as police vehicles. The vehicles will be delivered in stages starting in 2013.

This project to replace police vehicles is part of Green Investment Scheme activities under the international carbon emissions trading system arranged through an agreement formed between the New Energy and Industrial Technology Development Organization (NEDO) and Ukraine's State Environmental Investment Agency. Under this scheme, NEDO purchases greenhouse gas emissions credits from Ukraine, which uses the funds received toward national environmental protection measures.

Replacing the current fleet of police vehicles with new vehicles featuring the latest hybrid technologies will enable large fuel efficiency gains and a reduction of fleet CO_2 emissions by up to 70%, providing a boost to environmental awareness in Ukraine. We will continue to promote a wider uptake of hybrid vehicles in Ukraine as a way of helping to reduce the burden of vehicular activity on the environment.

Prius hybrid vehicles delivered to the Ministry of Internal Affairs of Ukraine

ENVIRONMENT & INFRASTRUCTURE BUSINESS UNIT

Organization

- Planning & Administration Dept., Environment & Infrastructure Business Unit
- Environment & Infrastructure Project Business Division
- Global Power Infrastructure Business Division
- Logistics & Insurance Business Division

MESSAGE FROM THE GENERAL MANAGER

MICHIHIKO KANEGAE
General Manager,
Environment & Infrastructure Business Unit

"We aim for an even higher level of growth through the integration of the infrastructure business, environmental business, and the logistics and insurance functions under our business unit."

Demand for infrastructure has increased primarily in the emerging countries, while the need for eco-friendly business models vital for making society sustainable continues to rise. Against this backdrop, we will strive to expand our stable and sustainable earnings base, while contributing to society, by building basic infrastructure matching the needs of each country and region. Furthermore, we will contribute further to the earnings expansion of the entire company and strive to generate revenues of our own by enhancing the breadth of the logistics and insurance services we provide as a core function of an integrated trading company.

We will expand our earnings base further in the global power infrastructure business including renewable energy, and in the industrial parks business overseas, which together now provide the main underpinning to our earnings. Meanwhile, we are nurturing businesses in water infrastructure, environmental solutions, and batteries as drivers to our earnings in the future. To put these strategies promptly into action, we will strive to deploy human resources in the fields we prioritize in a timely and flexible fashion.

Performance Highlights

(Billions of yen)

	FY2011	FY2012	FY2013 forecast
Gross profit	51.4	54.0	57.0
Operating profit	10.5	11.0	–
Share of profit of investments accounted for using the equity method	3.2	4.2	–
Profit for the year (attributable to owners of the parent)	10.8	12.4	14.0
Total assets	606.8	575.0	–

* Results for past fiscal years were recombined in accordance with organizational reforms effective fiscal 2013.

BUSINESS UNIT OVERVIEW

Our business unit works in three divisions; the Global Power Infrastructure Business Division, Environment & Infrastructure Project Business Division, and Logistics & Insurance Business Division; to engage in a wide range of infrastructure and logistics businesses.

The Global Power Infrastructure Business Division has developed a global portfolio of I(W)PP*1 businesses, including the Tanjung Jati B coal-fired thermal power plant (TJB) in Indonesia, and is engaged in power plant EPC*2 overseas.

In the Environment & Infrastructure Project Business Division, we are developing businesses in a wide array of fields, including electricity retail in Japan, renewable energy, water and environmental infrastructure projects, and batteries.

Meanwhile, the Logistics & Insurance Business Division has established a strong presence building industrial parks primarily in Southeast Asia, while providing a comprehensive range of logistics and insurance functions around the world.

*1 I(W)PP: Independent (Water) Power Producer
*2 EPC: Engineering, Procurement and Construction

FISCAL 2012 RESULTS

[Business Performance]

Profit for the year totaled ¥12.4 billion in fiscal 2012, up ¥1.6 billion year on year. This was mainly attributable to strong performance of the power infrastructure business, resulting from the expansion of TJB completed in fiscal 2011, among other factors.

[Main Investment and Loans]

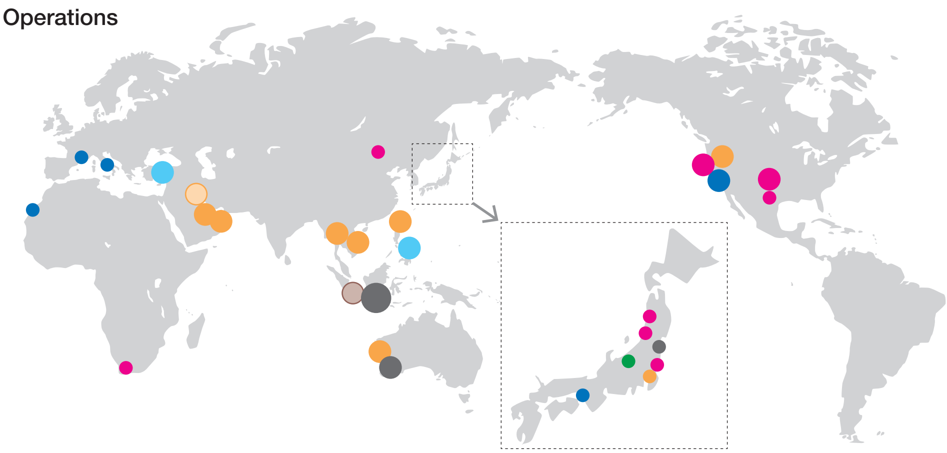
- Acquisition of Sutton & East Surrey Water plc (SESW), a water only supply and distribution company in the U.K.
- Participation in the Bluewaters power station business in Australia
- Participation in the Desert Sunlight Solar Farm business in the U.S.

Distribution Map of Electric Power Operations

(as of March 31, 2013)

Power generation by fuel type
- Natural gas
- Coal
- Hydro
- Solar
- Wind
- Geothermal
- Biomass
- Initiatives in progress

Net generation capacity
- –100MW
- 100MW–1,000MW
- 1,000MW–



ENVIRONMENT & INFRASTRUCTURE

BUSINESS FIELD OVERVIEW: WHAT WE AIM TO BE

Overseas Power Infrastructure Field

WHAT WE AIM TO BE

We aim to achieve sustained growth through strategic asset replacement and the development of selected prime projects in Asia, the Middle East and the Americas.

The Bluewaters power station in Australia

Business Environment

Continued growth in global demand for electric power is anticipated in step with the economic development of emerging economies such as Southeast Asia and the Middle East.

Strengths and Strategies

We aim to build an optimal portfolio on a global basis, focusing on the key markets of Asia, the Middle East and the Americas, where we have extensive experience. Subsequently we aim to increase our net generation capacity to over 10,000 MW, from 5,271 MW as of March 31, 2013. In addition, we will build a high-quality earnings base by selecting prime projects and strategically replacing our assets, and by extending the scope of our business to participation in the management, operation and maintenance of assets.

Actions for What We Aim to Be

We replaced our assets by taking part in the Bluewaters power station business in Australia, while selling a thermal power station in the U.S. Meanwhile, in Indonesia, we leveraged our solid business base and operational expertise to the fullest to participate from the initial development stage in two 220 MW geothermal power plant projects, among the largest in the world, in two areas of Sumatra island.

Water Infrastructure Field

WHAT WE AIM TO BE

We aim to become a comprehensive water business operator providing optimal solutions by leveraging our regional, domain and functional specialty in the business.

Sutton & East Surrey Water's Elmer treatment works in the U.K.

Business Environment

There is a growing need for safe and sanitary water environment infrastructure against a background of world population growth, urbanization and industrialization.

Strengths and Strategies

We have built strategic alliances with the largest water treatment companies in India and China, and worked together to develop BOO(T)*1 projects involving sewage treatment in Asia and the Americas, and water production in the Middle East. In the fiscal year ended March 31, 2013, we acquired a water supply company in the U.K. as the foundation to venture into the water concession business*2. We will participate in fields with high future growth potential, such as water treatment in Southeast Asia by public-private partnerships, water treatment in connection with unconventional energy development, and water concessions in newly emerging countries.

Actions for What We Aim to Be

We acquired SESW, which supplies potable water to approximately 700,000 people on the outskirts of London, to participate in the water concession business. Meanwhile, in Oman, we took part in a seawater desalination BOO project.

*1. BOO(T): Build, Own, Operate and then (Transfer) ownership

*2. Water concession business: A business providing integrated services from water intake to bill collection through the ownership of public water utilities.

Overseas Industrial Parks Field

WHAT WE AIM TO BE

We aim to expand our business base by adding value to existing industrial parks and developing new ones.

Business Environment

Amid diversifying supply chains, Japanese manufacturers are accelerating their advance into emerging markets, primarily in Southeast Asia.

Strengths and Strategies

For 20 years, we have developed an industrial parks business in Southeast Asia. We have developed, marketed and operated our own industrial parks in Vietnam, Indonesia and the Philippines. Moreover, we strive to add value to these industrial parks by providing full support from both infrastructure and services aspects to help the tenant companies start up and maintain operations. Meanwhile, we work as a sales agent to Japanese companies for prime industrial parks locally developed in Thailand, Indonesia and Cambodia.

Actions for What We Aim to Be

We are now engaged in expanding and upgrading the functions of our existing industrial parks in Vietnam, the Philippines and so on, while developing new projects in growth markets such as India and Myanmar. We also provide factories for rent within our industrial parks. This business has attracted attention from small and medium-sized enterprises seeking to enter overseas markets for the first time, as well as those seeking to mitigate the costs associated with up-front investments when entering overseas markets.

Thang Long Industrial Park II in Vietnam

CSR Through Business Activities

The Environment & Infrastructure Business Unit's Contributions to the Development of Local Communities and Economies and the Realization of a Sustainable Society

The Environment & Infrastructure Business Unit is strongly aware of the need to contribute to society and the environment through its business activities. Since first being awarded a power plant construction contract in Indonesia in the 1960s, we have expanded our power infrastructure business in the country to power plant construction of thermal, hydro and geothermal sources and power generation at present. Over the years, we have contributed to the development of Indonesia's local communities and economy as a whole by supporting the country's burgeoning demand for electric power. Based on this track record, the Indonesian state owned electricity company has recognized Sumitomo Corporation as a valued partner who has helped Indonesia to achieve a steady supply of electric power.

In the renewable energy power field such as wind and solar power, we are working to achieve both profitability and environmental protection, while addressing issues related to energy and the environment. In addition, we launched a reuse business of lithium-ion batteries for electric vehicles with the view to realizing a sustainable, low-carbon society. We will pursue a wide range of possibilities of storage batteries, including in collaboration with renewable energy.

Lavansol-1 solar power plant in France

MEDIA, NETWORK, LIFESTYLE RELATED GOODS & SERVICES BUSINESS UNIT

Organization

- Planning & Administration Dept., Media, Network, Lifestyle Related Goods & Services Business Unit
- Media Division
- Network Division
- Lifestyle & Retail Business Division
- Food Business Division
- Materials & Supplies Division
- Construction & Real Estate Division
- General Construction Development & Coordination Dept.

MESSAGE FROM THE GENERAL MANAGER

SHINICHI SASAKI
General Manager,
Media, Network, Lifestyle Related Goods & Services Business Unit

“We will contribute to the creation of new lifestyles by integrating a wide variety of consumer and lifestyle-related businesses.”

Our unit develops businesses providing consumer-oriented products and services globally in fields such as media, IT, retail, food, materials & supplies, and construction & real estate.

We aim to become a core business unit with a powerful presence for the company in the non-resource field by combining these wide-ranging businesses and creating unique new value and lifestyle propositions.

To attain this vision, the business unit will work to strengthen each of its business fields further. Moreover, in the BBBO2014 medium-term management plan, we will concentrate on the development of businesses in media, e-commerce and TV shopping in the expanding consumer markets of Asia and other emerging countries, further expansion and enhancement of our food and forest resources businesses, and the development of real estate businesses involving office buildings, commercial properties, housing, and logistics facilities in strategic markets within Japan.

Performance Highlights

(Billions of yen)

	FY2011	FY2012	FY2013 forecast
Gross profit	315.5	281.2	289.0
Operating profit	48.0	34.0	–
Share of profit of investments accounted for using the equity method	24.2	25.0	–
Profit for the year (attributable to owners of the parent)	51.1	68.9	49.0
Total assets	1,815.7	1,789.2	–

* Results for past fiscal years were recombined in accordance with organizational reforms effective fiscal 2013.

BUSINESS UNIT OVERVIEW

Our business unit was established by merging the former Media, Network & Lifestyle Retail Business Unit and the former General Products & Real Estate Business Unit. In the media field, our business focus is on cable television (CATV) and content for multichannel broadcasting. In the network field, our business activities center on IT solutions, Internet-related business and mobile communications. In the lifestyle and retail field, our main businesses are TV shopping, supermarkets, drugstores and branded merchandise.

In the food business field, we concentrate on four commodities; grains, sugars, fresh produce, and meat. We also have a group of businesses extending from food production to quality management and sales, with a top priority on food safety and reliability, which are important to customers.

In the materials and supplies field, we are an industry leader with a portfolio including businesses in tires, ready-mixed concrete, lumber, building materials and other supplies. In the construction & real estate field, our main business pursuits are office buildings, retail facilities, housing development and sales, build-to-suit (BTS) development and real estate investment funds, as well as mixed-use development projects on a large scale.

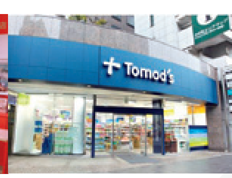
FISCAL 2012 RESULTS

[Business Performance]

Profit for the year increased ¥17.8 billion year on year to ¥68.9 billion. This was mainly attributable to a gain on the partial sale of equity in Jupiter Shop Channel Co., Ltd.

[Main Investment and Loans]

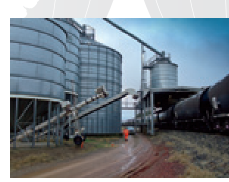
- Moved forward with a project redeveloping land vacated by the Kanda Campus of Tokyo Denki University
- Acquisition of automobile repair and maintenance service chain, Midas Inc., in the U.S.





Wide-ranging Global Development in Media, IT, Retail, Materials & Supplies, and Construction & Real Estate






MEDIA, NETWORK, LIFESTYLE RELATED GOODS & SERVICES

BUSINESS FIELD OVERVIEW: WHAT WE AIM TO BE

Media, IT and Retail Field

WHAT WE AIM TO BE ▶ We aim to expand our earnings base by enhancing our industry-leading operations within Japan, and by growing these businesses overseas.

A scene from the studio of Shop Channel, which broadcasts the sale of merchandise live, 24 hours a day, throughout the year

Business Environment

The Japanese consumer market is stable and among the largest in the world. As consumer tastes and lifestyles diversify, e-commerce as a niche has continued to grow in this matured market.

Meanwhile, the purchasing power of middle-income consumers in China and Asian emerging markets has increased with economic development.

Strengths and Strategies

We are developing a portfolio of industry-leading business companies. This includes Jupiter Telecommunications Co., Ltd. (J:COM), which holds the top share in Japan's cable TV market, SCSK Corporation, which provides a full lineup of global IT services, and Jupiter Shop Channel Co., Ltd., Japan's largest TV shopping company. We aim to strengthen these businesses further, and develop them globally.

Actions for What We Aim to Be

Starting August 2013, J:COM became an equal joint venture company of Sumitomo Corporation and KDDI Corporation, with an eye to enhancing its corporate value. Meanwhile, we also plan to begin broadcasting TV shopping programs in Thailand in summer 2013. In addition, we will develop our household goods e-commerce business and drug store business overseas.

Lifestyle-related Field

WHAT WE AIM TO BE ▶ We aim to provide secure, safe and comfortable diets, lifestyles and communal environments on a global basis.

36,000 hectares of forest the Company owns in the Northland region on the northeastern tip of New Zealand

Business Environment

Demand for commodities such as grains, edible oil, meat and livestock feed ingredients has increased as diets have diversified and improved following economic development in the emerging markets of Asia and elsewhere. Moreover, this has led to a dramatic increase in lumber demand; notably in China, where lumber imports have increased more than tenfold in the past 10 years.

Strengths and Strategies

Our strengths in the food business field lie in upstream operations such as the grains business in Australia and the banana business in the Philippines.

Looking ahead, we will enhance these strengths upstream further as we expand our value chain downstream to the emerging markets of Asia, China, the Middle East and Africa, among others. Meanwhile, with a view on the Asian markets, we will enhance our forest resources along the Pacific Rim.

Actions for What We Aim to Be

In the food business, which is a company-wide growth field, we seek to actively develop business through collaboration with prominent business partners in the Australian frozen bread dough business and the Chinese and Vietnamese sugar processing and flour milling business, among other ventures. In the lumber business, we are acquiring more upstream resources. This includes the purchase of 36,000 hectares of New Zealand forest in fiscal 2012. In addition, we will endeavor to enhance the value of TBC Corporation, which is our tire operation.

Construction & Real Estate Field

WHAT WE AIM TO BE

We aim to conduct town development that raises international competitiveness and urban redevelopment, while developing sustainable communities with emphasis on themes such as the coexistence of people and the natural environment.

Business Environment

Demand for land in urban centers and prime properties has held firm in the Japanese real estate market. In addition, there is a stronger awareness of safety and security with respect to buildings and their maintenance, and environmental friendliness.

Strengths and Strategies

As a general property developer, we have long been engaged in the real estate business. We develop high quality properties by positioning urban centers, where demand is strong, as a strategic field, and leveraging our comprehensive strengths to develop buildings and towns that are friendly to both people and the environment.

Looking ahead, we will endeavor also to develop real estate businesses overseas, and real estate funds involving logistics facilities.

Actions for What We Aim to Be

In office building leasing, we began construction on the Kandanishiki-cho 3-Chome Joint Reconstruction Project, and have begun redevelopment of the Kanda area, which includes a portion of Tokyo Denki University's vacated Kanda Campus.

Together with Mori Building Co., Ltd., and a real estate investment fund, we are undertaking a major urban redevelopment project in Ginza 6-chome, Chuo Ward, Tokyo.

This project is scheduled for completion in August 2016.

The Kandanishiki-cho 3-Chome Joint Reconstruction Project featuring architecture in harmony with the environment

CSR Through Business Activities

The Vegetable Recycling Scheme at Summit Stores

The Summit Store food supermarket chain is operated by a Group company of Sumitomo Corporation. Since 2002 the fruit and vegetable waste generated by the stores has been separated out and recycled. The scraps are collected and transported by special vehicles to *Wagoen*, a farming union cooperative located in Katori City, Chiba Prefecture. At *Wagoen's* recycling center the waste is transformed into fertilizer, which is used to grow *Wagoen*-brand vegetables that are sold at Summit Stores. Initially there were times when the stores were unable to sell the vegetables due to inadequate taste or shape. After some trial and error, however, the quality has improved and 107 stores are selling the recycled produce (Japanese basil leaf, leaf lettuce and extra sweet cherry tomatoes). At some of these stores (5 stores) a special display has been set up to sell around 25 items of *Wagoen's* recycled produce a year, including potatoes and cherry tomatoes. Going forward, Summit Stores will continue to separate waste and increase the number of items grown to recycle and reduce fruit and vegetable waste.

Space dedicated to vegetables produced through the recycling scheme

MINERAL RESOURCES, ENERGY, CHEMICAL & ELECTRONICS BUSINESS UNIT

Organization

- Planning & Administration Dept., Mineral Resources, Energy, Chemical & Electronics Business Unit
- Mineral Resources Division No. 1
- Mineral Resources Division No. 2
- Energy Division
- Basic Chemicals & Electronics Division
- Life Science Division

MESSAGE FROM THE GENERAL MANAGER

TORU FURIHATA
General Manager,
Mineral Resources, Energy,
Chemical & Electronics Business Unit

"We aim to stay a step ahead in dealing with change and unleash our robust marketing and business promotion strengths to achieve an even higher level of profit growth"

In the ever-changing global business climate, we are uncovering business opportunities and swiftly building on operations, investments and trading activities that nobody else can match in ways befitting our distinctive identity.

Our top priority in the upstream resource and energy field is ensuring that projects under development start up steadily. As for existing interests, we will work to raise their business value through ongoing efforts to improve cost competitiveness and pursuing expansion plans. Moreover, we will strive to amass new prime interests in line with our portfolio strategy, focusing on four key strategic resources—copper, coal, iron ore, and crude oil and gas.

In midstream and downstream fields, we will drive forward sophisticated and distinctive operations, investments and trading activities. These initiatives will revolve around creating new added value by unleashing synergies with upstream operations, staying a step ahead of structural changes in the industry to come, maintaining and expanding first-mover advantages, and strengthening ties with prominent partners.

Performance Highlights

(Billions of yen)

	FY2011	FY2012	FY2013 forecast
Gross profit	119.0	85.6	83.0
Operating profit	56.5	25.9	–
Share of profit of investments accounted for using the equity method	41.9	30.7	–
Profit for the year (attributable to owners of the parent)	90.8	46.9	39.0
Total assets	1,204.4	1,370.9	–

* Results for past fiscal years were recombined in accordance with organizational reforms effective fiscal 2013.

BUSINESS UNIT OVERVIEW

We are active in the fields of mineral resources & energy, and chemicals & electronics.

In the mineral resources & energy field, we hold upstream interests in the key strategic resources of copper, coal, iron ore, crude oil and gas, as well as other mineral resources such as zinc, nickel and cobalt. In trading activities in such areas as carbon products, ferrous raw materials, petroleum and gas, we are expanding business globally, especially in China, Asia and other markets in which we expect demand to grow.

In the chemicals and electronics field, we trade largely in petrochemical raw materials and products, inorganic chemicals, and cutting-edge electronics industry materials, as well as develop rare earth and uranium and engage in EMS* operations. We are also involved in pharmaceuticals and cosmetics, crop protection products, fertilizer, and pet care products.

* EMS (Electronics Manufacturing Services): The provision of electronics device manufacturing services on a contract basis.

FISCAL 2012 RESULTS

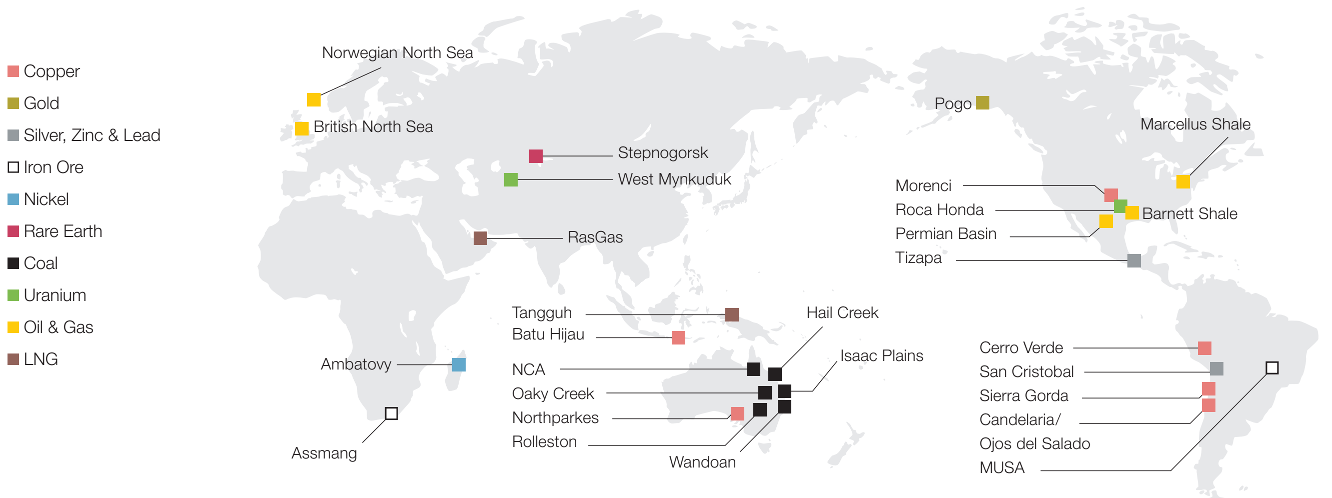
[Business Performance]

Profit for the year totaled ¥46.9 billion in fiscal 2012, down ¥43.9 billion year on year. This was mainly due to a drop in commodity prices that led to lower income in businesses such as Australian coal, Indonesian copper and South African iron ore, coupled with the absence of extraordinary profit recorded a year earlier.

[Main Investment and Loans]

- Participation in U.S. tight oil development project
- Acquisition of mining interest in Australia's Isaac Plains coal mine
- Investment in Chile's Sierra Gorda copper mine development project

Map of Upstream Interests in Mineral Resources and Energy



MINERAL RESOURCES, ENERGY, CHEMICAL & ELECTRONICS

BUSINESS FIELD OVERVIEW: WHAT WE AIM TO BE

Mineral Resources & Energy Field

WHAT WE AIM TO BE

Through investment in upstream interests and trading activities, we aim to contribute to the stable supply of mineral resources and energy

Business Environment

Resource prices are headed for correction, partially because clouds have emerged over China's economic growth—the driver of the recent sustained uptrend. Given this change, even global resource majors that had been pursuing increased dominance are postponing and revising development and expansion plans. On the other hand, unconventional energy development is building up, and the global energy supply and demand landscape is being transformed.

Strengths and Strategies

We will steadily enhance our portfolio of resource interests with an eye to longer-term demand growth with our emphasis on key strategic resources—copper, coal, iron ore, and crude oil and gas. We will also take into account time factors like the start of production and mine life, as well as regional factors such as distribution of country risk.

Through our mining businesses including at the San Cristobal silver, zinc and lead mining project in Bolivia, where we have assumed full ownership, we are building up our mining operation expertise and nurturing numerous personnel. In our U.S. unconventional gas business, we will work to build a gas value chain traversing upstream operations to distribution, liquefaction and LNG export. We will do this by combining the functions of our U.S. natural gas trading company with our activities as the first Japanese company to participate in a shale gas development project.

Actions for What We Aim to Be

Along with bolstering our existing interests' cost competitiveness and firmly moving expansion plans forward, we are concentrating on steadily executing large-scale upstream resource projects. The U.S. tight oil development project we joined in September 2012 is on track. At the Sierra Gorda copper mine project in Chile, we are working toward starting production in 2014. In Brazilian Mineração Usiminas S.A. (MUSA) iron ore mining operations, we are advancing plans for expansion. At the Ambatovy nickel project in Madagascar, we aim to bring operations to full capacity as soon as possible. We are working to enhance the San Cristobal project's value through ongoing exploration aimed at increasing the ore reserve. In midstream and downstream business, we have also concluded basic agreements with the U.S. company Dominion Cove Point LNG related to natural gas liquefaction as well as LNG exports, targeting exports to Japan from 2017.

San Cristobal silver, zinc and lead mine in Bolivia

MUSA iron ore mine in Brazil

Ambatovy nickel plant in Madagascar

Chemical & Electronics Field

WHAT WE AIM TO BE

We will achieve prosperity and realize dreams by developing sophisticated and distinctive operations and trading activities worldwide.

Business Environment

With food demand rising as emerging countries' populations increase and economies develop, crop protection products and fertilizers that improve the quality and yield of agricultural produce should see growing demand. Further, there are needs pertaining to high value-added products that are energy-efficient and environmentally friendly, as well as new technologies harnessing unconventional energy.

Strengths and Strategies

We will work to build our agricultural value chain including fertilizer operations, continuing to expand the scope of our worldwide crop protection business. We are also striving to develop gas chemicals-related businesses peripheral to our U.S. shale gas upstream interests.

Actions for What We Aim to Be

We are deepening and globally developing our multifaceted crop-production support business through the Romanian agricultural materials distribution company Alcedo S.R.L. We are also extending the breadth of our resource-based inorganic chemicals business. For instance, we are advancing a project to recover rare earth resources from uranium-ore tailings to expand the scope of our initial foothold in mining uranium in Kazakhstan. In electronics operations, we are working to fortify our EMS business base and augment our value chain.

Site in Kazakhstan for recovering rare earth from uranium mine tailings

CSR Through Business Activities

The Ambatovy Project Contributes to Development in Madagascar

For the Sumitomo Corporation, consideration for local communities and the environment are of paramount importance in promoting the Ambatovy Project—one of the world's largest nickel mining enterprises located in Madagascar.

In considering local communities, the project has engaged in a large number of consultations with local stakeholders, including those who were asked to relocate to new areas as a result of the project implementation. After the consultations, the project has constructed resettlement villages in the relocation zone, and built new houses, schools and medical facilities. Other initiatives aim to improve self-sufficiency among farmers in surrounding areas by providing them with technical support and purchasing their produce.

Environmental considerations include rigorous efforts to protect the environment, such as the establishment of a buffer zone* around the mining site to protect rare species, burying pipelines, and reforestation.

Sumitomo Corporation will continue to value its involvement with local communities and the environment, and to contribute to the development of Madagascar through the Ambatovy Project.

An elementary school constructed in the resettlement village

* Buffer zone: A zone established to protect specified areas by reducing the impact of outside factors.

Messages From Regional Organizations

OVERSEAS

EUROPE, MIDDLE EAST, AFRICA & CIS

TOYOSAKU HAMADA
General Manager for Europe, Middle East, Africa & CIS

"We will cultivate markets where business opportunities abound to make great contributions."

In April 2013, the respective organizations in Europe, the Middle East, Africa and the CIS region were grouped into one. The region covered as a group now includes 123 countries and covers a half of the earth's landmass. With numerous countries in various stages of development with differing market needs, the region offers a wealth of diverse business opportunities for us. We will unleash cross-functions between our established foundations in the region and the resources of our Business Units to create new businesses that could contribute to the Sumitomo Corporation Group's next generation.

We want to play a part in the development of countries in the region through these businesses as well.

ASIA & OCEANIA

KOHEI HIRAO
General Manager for Asia & Oceania

"Achieving dynamic growth with tailored solutions for different stages of growth."

Asia and Oceania is the world's fastest growing region, and one that encompasses economies at different stages of growth with varying needs. We believe our ability to deliver tailored solutions for diversified business fields will help meet not only diverse needs but also changing expectations. With a deep-rooted presence in major and emerging markets, we also seek to develop new businesses with the region's growing private sector as a reliable partner. We will continue to strengthen our power of business creation and work passionately to drive economic progress and enrich lives in the region.

THE AMERICAS

KAZUHIRO TAKEUCHI
General Manager for the Americas

> **“Leading business creation from the center of the world economy and technology innovation.”**

SC Americas will deepen the expansion of its value chain in the oil and gas field by taking part in exploration and drilling of shale gas and oil, having been the first Asian company to invest in shale gas exploration in the U.S. We will continue to be a leader in providing necessary tubular material, equipment, and services and engage in gas processing, refining, marketing and trading, and export of LNG.

We will focus our management resources to also target the infrastructure and consumer related fields, as demand increases and diversifies. We will also concentrate on natural resources and food, which are areas where the Americas are globally very competitive.

Keeping in mind my catch phrase of “Growth and Innovation,” SC Americas will lead the way and generate sustainable growth for Sumitomo Corporation Group.

EAST ASIA

NOBUHIKO YUKI
General Manager for East Asia

> **“Swiftly transforming our business model to harness our integrated strengths throughout East Asia.”**

In the East Asia region, we are pursuing deeper interchange than ever before with China, South Korea, and Taiwan. We are also capitalizing on our wide operating network in the region to make dynamic, timely management decisions. Our basic operating policy is to help reinforce the Group’s earnings strength on a global basis. We are shoring up our business foundations in various countries and organizations, and further enhancing the sophistication of the functions and roles we provide. Through this, we aim to strengthen our ties with partners and alliances that go beyond national and local borders, while swiftly transforming our business model to harness our integrated strengths throughout East Asia to realize new initiatives.

DOMESTIC

KANSAI REGIONAL BUSINESS UNIT

MASARU NAKAMURA
General Manager,
Kansai Regional Business Unit

"Applying integrated corporate strengths to engage in businesses that create value nobody can match, in Kansai, the birth place of Sumitomo."

We, the Kansai Regional Business Unit, engage in materials and parts operations in a wide array of industries including metals, machinery and electronics, textiles, and chemicals. We conduct this business with clients in the Kinki, Chugoku, and Shikoku regions. We are also expanding business with local companies in fields such as construction and real estate, automobiles, ships, electric power, railways, and consumer electronics with the Head Office and other regional business units. The businesses the Kansai Regional Business Unit is developing are unique and extend to new fields like solar power and other renewable energy, telecommunications, and new materials and industrial textiles.

In the Kansai region, we will leverage our integrated corporate strengths to meet and exceed high expectations, challenging ourselves to engage in businesses that create value nobody can match.

CHUBU REGIONAL BUSINESS UNIT

MASAO SEKIUCHI
General Manager,
Chubu Regional Business Unit

"We provide added value that is unique to Sumitomo Corporation in this industrial hub for the automotive and aerospace sectors."

Centered around the city of Nagoya, the Chubu region is the core manufacturing center in Japan. In particular, the area is recognized worldwide for its technological strengths in the automotive and air defense industries. As a global business partner, the Chubu Regional Business Unit provides one-stop service to leading local companies developing their manufacturing capabilities around the world, with added values that are unmatched and unique to Sumitomo Corporation. Redevelopment around Nagoya station is also accelerated ahead of the debut of the Linear Chuo Shinkansen scheduled in 2027. The Chubu Regional Business Unit is targeting further growth in step with the ongoing economic development of this region.

Principal Subsidiaries and Associated Companies Contributing to Consolidated Results

(Billions of yen)

	Shares in equity (End of FY2012) (%)	Main business	FY2011 equity in earnings	FY2012 equity in earnings
METAL PRODUCTS BUSINESS UNIT				
ERYNGIUM Ltd.	*100.00	Manufacture, processing and distribution of speciality metals for OCTG market	3.9	4.5
SC Pipe Services Inc.	100.00	Investment in pipe manufacturing and sales company in the U.S.	2.8	2.6
Sumisho Metalex Corporation	*100.00	Sale of non-ferrous metal products, materials for home heat solution	1.0	1.1
Asian Steel Company Ltd.	100.00	Shearing, slitting, and sale of steel sheets	0.4	0.1
TRANSPORTATION & CONSTRUCTION SYSTEMS BUSINESS UNIT				
Sumitomo Mitsui Finance and Leasing Company, Limited.	*40.00	Finance and Lease	12.6	14.8
Sumitomo Mitsui Auto Service Company, Limited	46.00	Leasing of motor vehicles	6.7	4.1
P.T. Oto Multiartha	*100.00	Financing of automobiles	1.6	3.2
P.T. Summit Oto Finance	*100.00	Financing of motorcycles	0.2	1.5
Sumisho Aircraft Asset Management B.V.*1	*–	Aircraft operating lease	0.4	0.4
ENVIRONMENT & INFRASTRUCTURE BUSINESS UNIT				
Perennial Power Holdings Inc.	*100.00	Development, ownership and management of power plants in the U.S.	1.0	2.0
Sumisho Machinery Trade Corporation	*100.00	Trading of machinery, equipment and automobiles in Japan	0.9	1.2
MEDIA, NETWORK & LIFESTYLE RELATED GOODS & SERVICES BUSINESS UNIT				
Jupiter Telecommunications Co., Ltd. (J:COM)	40.46	Operation of multiple cable TV systems (MSO) and channels (MCO)	14.4	17.7
SCSK Corporation	50.82	System Integration, IT infrastructure implementation and IT management	6.5	9.4
Jupiter Shop Channel Co., Ltd.	50.00	Operation of TV shopping channel	12.0	8.3
MobiCom Corporation	33.98	Integrated telecommunication service in Mongolia	1.6	1.6
Summit, Inc.	*100.00	Supermarket chain	1.8	1.1
Sumisho Brand Management Corporation	*100.00	Import, design and sales of the German luxury line of Chenille fabrics brand “FEILER” and women’s apparel and accessories brand, “NARA CAMICIE”	0.5	0.9
TBC Corporation	*100.00	Retail and wholesale of tires	4.7	0.8
Summit Grain Investment (Australia) Pty. Ltd.	*100.00	Grain accumulation and investment in grain storage and export terminal operating business	0.7	0.7
2 companies in the banana business	*–	Import and sale of fruits and vegetables	2.0	(0.4)
MINERAL RESOURCES, ENERGY, CHEMICAL & ELECTRONICS BUSINESS UNIT				
2 silver, zinc and lead business companies in Bolivia	*100.00	Investment in silver, zinc, and lead mine operating, and ore concentrate sales companies in Bolivia	16.0	12.4
Oresteel Investments (Proprietary) Limited	*49.00	Investment in Assmang iron ore and manganese mine in South Africa	13.5	9.5
Iron ore mining business in Brazil	*–	Iron ore mining business in Brazil	7.6	6.9
LNG Japan Corporation	50.00	Trading of LNG, investment and financing related to LNG business	2.2	5.5
SC Minerals America, Inc.	*100.00	Investment in the Morenci copper mine, the Pogo gold mine in the U.S. and the Candelaria and Ojos del Salado copper mines in Chile	5.8	4.3
2 companies with oilfield interests in the North Sea	*–	Development, production and sale of crude oil and natural gas in the British and Norwegian zones of the North Sea	3.4	3.2
SMM Cerro Verde Netherlands B.V.	20.00	Investment in the Cerro Verde copper mine in Peru	3.5	2.4
Companies related to coal business in Australia	*–	Investment in coal mines in Australia	19.9	1.4
Sumitomo Shoji Chemicals Co., Ltd.	*100.00	Sale and trade of chemicals and plastics	1.2	1.3
SC Mineral Resources Pty. Ltd.	*100.00	Investment in the Northparkes copper mine in Australia	0.9	1.1
Nusa Tenggara Mining Corporation	74.28	Investment in and financing of the Batu Hijau copper/gold mine project in Indonesia	15.1	(0.7)
Nickel mining and refining business in Madagascar	–	Investment in and financing of the Ambatovy nickel mining project in Madagascar	(0.4)	(0.8)
OVERSEAS				
Sumitomo Corporation of America	100.00	Export, import and wholesale	27.8	26.6
Sumitomo Corporation Asia Pte. Ltd.	100.00	Export, import and wholesale	5.2	8.0
Sumitomo Corporation Europe Holding Limited	100.00	Export, import and wholesale	7.3	7.3
Total 9 subsidiaries in China	100.00	Export, import and wholesale	3.5	1.2
Sumitomo Australia Pty Ltd	100.00	Export, import and wholesale	1.2	0.6

Notes (*) Shares in equity and equity in earnings for companies marked with an asterisk are the percentage shares and equity amounts company-wide including other segments.
(*1) In March, 2013, Sumisho Aircraft Asset Management B.V. was integrated into SMBC Aviation Capital, the joint venture company with Sumitomo Mitsui Financial Leasing Company.

CHAPTER 3

CORPORATE GOVERNANCE

Sumitomo's Business Philosophy/Sumitomo Corporation Group's Corporate Mission Statement

SUMITOMO CORPORATION GROUP'S CORPORATE MISSION STATEMENT FOUNDED ON THE SUMITOMO'S BUSINESS PHILOSOPHY

1600

The Founder's Precepts "*Monjuin Shiigaki*"

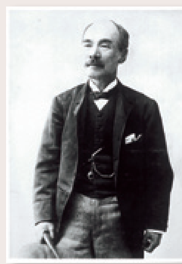
The Founder's Precepts "*Monjuin Shiigaki*" is a letter sent by Masatomo Sumitomo (1585–1652), the founder of Sumitomo and a religious man, to his family members in his old age. It succinctly describes the guiding principles of his business operations.

At the beginning, it urges the reader, "Not only in matters of business but in all situations, make efforts with deepest gratitude in every aspect."

The precepts also include such teachings as, "When goods are offered to you below the normal market price, under no circumstances should you ever purchase such goods, for their origins are unknown and they are probably stolen property," "Never give shelter to a stranger, no matter who it might be; also, never take a stranger's goods into your custody, no matter how innocent they might appear" (these acts were prohibited by the government), and "No matter what someone might say to you, never lose your temper or speak harsh words; politely explain your position until an understanding can be reached." These teachings have been handed down and form the basis of Sumitomo's business philosophy. They are still seen in today's principles, such as "no pursuing easy gains" (i.e., only making a profit on a fairly priced transaction that can be explained with confidence), "compliance" and "integrity and sound management."

Monjuin Shiigaki
(Source: Sumitomo Historical Archives)

1800



Saihei Hirose, Sumitomo's
first Director-General
(Source: Sumitomo Historical Archives)

Rules Governing the House of Sumitomo

The Besshi Copper Mine (opened in 1691) encountered many adverse conditions during the Meiji Restoration (in the late 1860s). When the price of copper fell, operating costs increased sharply due to rising prices of rice and other items, and loans to the feudal lords were uncollectable. At one point, it was almost forced to sell out. Saihei Hirose (1828–1914), manager of the mine who later became Sumitomo's first Director-General, acted boldly and modernized the operation with Western style technologies. Hirose's operational reforms saved the mine and its community.

In 1882, when serving as Director-General, Hirose formulated the Rules Governing the House of Sumitomo, which consisted of 19 sections and 196 articles, to reflect the business philosophy the family had followed over its 250-year history. The Rules clearly illustrate Sumitomo's corporate philosophy in Article 3, Section I: "We shall practice sound management in order to cope effectively with the changing times. Under no circumstances, however, shall we pursue easy gains or act imprudently."

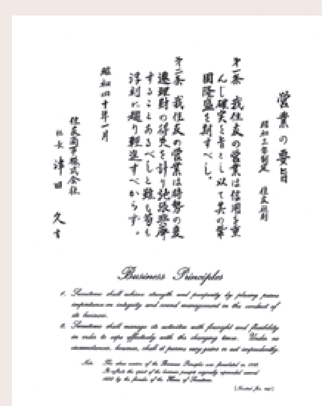
1900

Business Principles

In 1891, the Rules Governing the House of Sumitomo were separated into two parts, the family code (corporate rules) and the family constitutions (the principles of the family head), to distinguish ownership from business operations. On that occasion, the principle of "integrity" was introduced and placed at the beginning of the Rules Governing the House of Sumitomo with the principle in Article 3, which then together became the Business Principles. In 1928, while Sumitomo's business expanded into a variety of areas, including the steel, machinery and chemical industries, Sumitomo's Business Rules were established. The two articles of the Business Principles have been passed on for generations and still serve as the corporate rules of all group companies.

Article 1: Sumitomo shall achieve strength and prosperity by placing prime importance on integrity and sound management in the conduct of its business.

Article 2: Sumitomo shall manage its activities with foresight and flexibility in order to cope effectively with the changing times. Under no circumstances, however, shall it pursue easy gains or act imprudently.



Business Principles

Sumitomo has always been sincere in conducting its business, contributing to achieving prosperity and realizing the dreams of our business partners, our society and all other stakeholders. As a result, we have built up trust, and this has helped us to develop new businesses and create a cycle of positive growth. The Management Principles and Activity Guidelines of the Sumitomo Corporation Group are founded on Sumitomo's business philosophy, which has been passed on for 400 years.

2000

Sumitomo Building Annex where Nippon Kensetsu Sangyo's head office was located

Sumitomo Corporation Management Charter

Osaka North Harbour Co, Ltd., the predecessor of Sumitomo Corporation, was founded in 1919. Later, after World War II, the company changed its name to Nippon Kensetsu Sangyo Co, Ltd., starting a new life as a general trading firm. In 1952, when the company was incorporated with the current name, the Business Principles were chosen as the management philosophy for all corporate operations and the foundation to sustained growth.

While Japan's economy was growing rapidly after the war, environmental pollution, inflation and other public issues started to arise. Business corporations and their codes of conduct were challenged to make clear the relationship between the national government and corporations, as well as between citizens and corporations. To respond to this, in 1973, Sumitomo Corporation laid down the Sumitomo Corporation Management Charter, an original charter that consists of the Basic Principles of Management and the Operational Guidelines.

Sumitomo Corporation Group's Corporate Mission Statement

In the early 1990s, the bubble burst, drastic appreciation of the yen continued, and the Japanese economy entered a long period of low growth. Sumitomo Corporation had no choice but to re-examine the status quo of its business transactions and risk management methods. Against this background, there was growing management recognition that the company needed to revert to Sumitomo's business philosophy, which had served as the basis of Sumitomo's business operations and the driving force behind overcoming many crises throughout the last 400 years. This recognition further heightened in 1996, when the copper incident occurred, leading to the 1998 establishment of Sumitomo Corporation Group's Corporate Mission Statement.

The Corporate Mission Statement, consisting of Management Principles and Activity Guidelines, was compiled based on Sumitomo's business philosophy, which has been nurtured throughout the 400 years of Sumitomo's history, and today's global perspective, in a simple and systematic way.

The preamble to the Management Principles shows the corporate vision: "We aim to be a global organization that constantly stays a step ahead in dealing with change, creates new value, and contributes broadly to society." The first item in the Management Principles, "To achieve prosperity and realize dreams through sound business activities" describes our corporate mission, while the second item, "To place prime importance on integrity and sound management with utmost respect for the individual" shows our management style, and the third item, "To foster a corporate culture full of vitality and conducive to innovation" portrays our corporate culture.

The Activity Guidelines were generated based on these principles to guide employees in their daily business operations.

CORPORATE MISSION STATEMENT

Corporate Vision

We aim to be a global organization that constantly stays a step ahead in dealing with change, creates new value, and contributes broadly to society.

Management Principles

[Corporate Mission]
- To achieve prosperity and realize dreams through sound business activities

[Management Style]
- To place prime importance on integrity and sound management with utmost respect for the individual

[Corporate Culture]
- To foster a corporate culture full of vitality and conducive to innovation

Activity Guidelines

- To act with honesty and sincerity on the basis of Sumitomo's business philosophy and in keeping with the Management Principles
- To comply with laws and regulations while maintaining the highest ethical standards
- To set high value on transparency and openness
- To attach great importance to protecting the global environment
- To contribute to society as a good corporate citizen
- To achieve teamwork and integrated corporate strength through active communication
- To set clear objectives and achieve them with enthusiasm

Corporate Governance System

We believe that the ultimate goals of corporate governance are "improving management efficiency" and "maintaining sound management" as well as "ensuring management transparency" to achieve the first two goals. Based on this belief, we are working to establish a corporate governance system that serves the interests of shareholders and all other stakeholders.

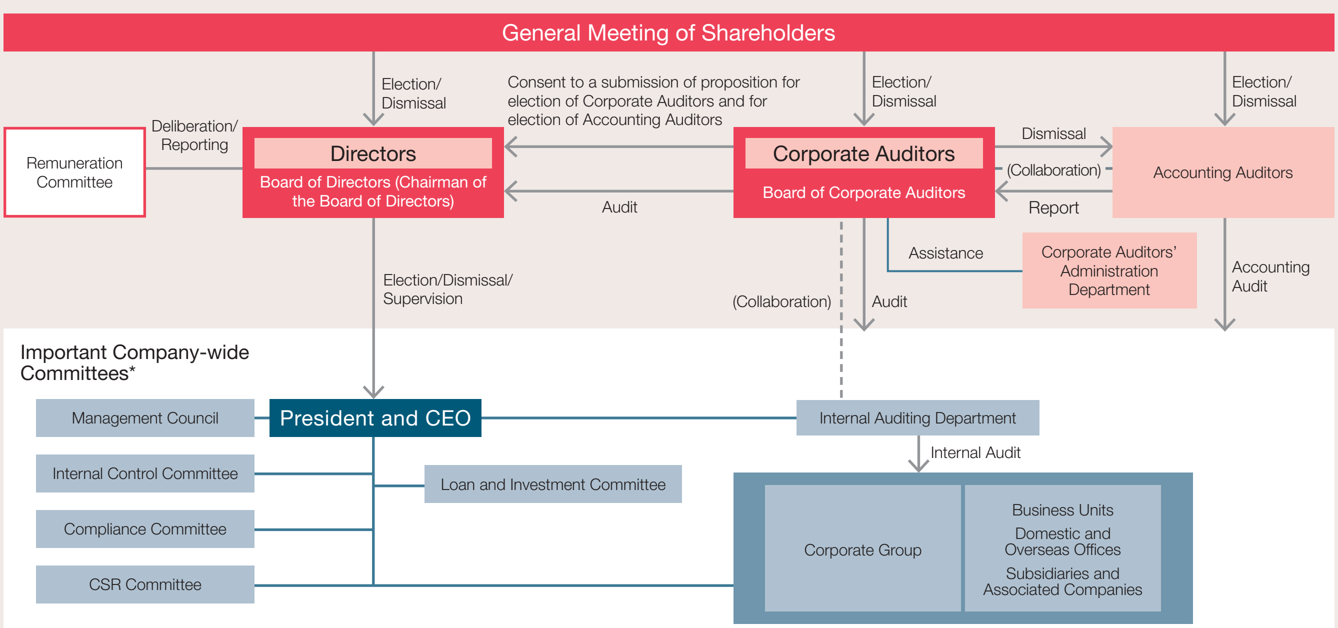
Our approach to corporate governance is embodied in the "Sumitomo Corporation Corporate Governance Principles," which can be accessed from the following web page.
URL: http://www.sumitomocorp.co.jp/english/company/governance/detail/principle/

Features of Our Corporate Governance System

We have adopted a corporate auditor system, believing that it is the most legitimate means of improving the effectiveness of our corporate governance to enhance and reinforce it through auditing from diversified external viewpoints. We have five Corporate Auditors, three of whom are Outside Corporate Auditors. Of these three, two are legal experts (a former President of the Tokyo High Court and a former Prosecutor-General) and one is an accounting expert – ensuring an auditing system that incorporates a diversity of perspectives. Furthermore, two Outside Directors were elected at the 145th Ordinary General Meeting of Shareholders held on June 21, 2013 so that through their diverse perspectives, the Outside Directors help to ensure appropriate decision-making in board meetings and further enhancement of the supervisory function. We believe that we can achieve the ultimate goals of corporate governance by reinforcing management oversight by independent Outside Directors and Outside Corporate Auditors.

Based on "Sumitomo's Business Philosophy," we have established the Sumitomo Corporation Group's Management Principles and Activity Guidelines, and work to enforce these principles and guidelines among all officers and employees, in order to share the basic values that must be respected by the Sumitomo Corporation Group, including compliance with laws and regulations.

The Company's Corporate Governance System



* Management Council: Exchange of opinions and information on basic policy and important matters related to management
The Internal Control Committee: Overall management and timely evaluation of internal controls, and the development, implementation and promotion of basic internal control policies, among other duties
Loan and Investment Committee: Deliberation of important matters, such as investment and financing
Compliance Committee: Enhancement of Group compliance focused on "maintaining sound management"

From the perspective of maintaining sound management, we have developed a system for ensuring compliance with laws and regulations by establishing a Compliance Committee and introducing a "Speak-Up System" for internal reporting, among other measures. Guided by the belief that management itself must conduct its duties with high ethical standards, we have clearly stated in the "Sumitomo Corporation Corporate Governance Principles" that in principle, the term of office for the Chairman of the Board of Directors and the President and CEO are each limited to six years in total.

Framework for "Improving Management Efficiency" and "Maintaining Sound Management"

Directors and the Board of Directors

■ Optimization of Size of Board of Directors

We halved the number of Board members from 24 in 2003. As of July 2013, the Board has 12 members. Through this optimized Board of Directors, which oversees the operations of the business and serves as the Company's decision-making body concerning key management matters, we aim to facilitate substantial and active discussion as well as to promote greater efficiency and effectiveness in the decision-making process.

■ Limiting Term of Office for Directors

In June 2005, the term of office for Directors was reduced from two years to one year. We aim to clarify the responsibility of management among members of management each fiscal year.

This, in turn, helps ensure fast reaction times to changes in business conditions.

■ Limits on Term of Office for the Chairman of the Board of Directors and the President and CEO

In principle, the positions of Chairman of the Board of Directors and the President and CEO are clearly defined and separate in order to ensure mutual supervision and both positions cannot be held simultaneously by one person. In principle, the term of office for the Chairman of the Board of Directors and the President and CEO are each limited to six years in total. These limitations on the tenure of top management help minimize the possibility of governance problems.

■ Establishment of the Advisory Body to the Board of Directors

With the aim of enhancing the transparency and objectivity of decision-making processes with regard to the remuneration of Directors and Executive Officers, we established the Remuneration Committee. Functioning as an advisory body to the Board of Directors, no fewer than half of the Committee members are from outside the Company. The Remuneration Committee is in charge of studying remuneration and bonuses of Directors and Executive Officers, and reports the results of its studies to the Board of Directors.

Particulars Regarding the Remuneration of the Company's Directors

Particulars regarding the remuneration of the Company's Directors and Corporate Auditors for fiscal 2012 are as follows:

Classification	Number of payees	Total amount of remuneration, etc.	Additional information
Directors	16 persons	1,155 million yen	The breakdown of the total remuneration in the column to the left is as follows: (1) Monthly remuneration 788 million yen (2) Bonuses resolved at the 145th Ordinary General Meeting of Shareholders 244 million yen (3) Amount recorded as expenses for granting the Eleventh New Share Acquisition Rights (issued on July 31, 2012) 15 million yen (4) Amount recorded as expenses for granting the Seventh New Share Acquisition Rights (for a stock-linked compensation plan) (issued on July 31, 2012) 91 million yen (5) Amount recorded as expenses for granting the Sixth New Share Acquisition Rights (for a stock-linked compensation plan) (issued on July 31, 2011) 17 million yen
Corporate Auditors (particulars relating to Outside Corporate Auditors)	5 persons (3 persons)	126 million yen (40 million yen)	The remuneration in the column to the left is the aggregate total of the Corporate Auditors' monthly remuneration.

1. As of the end of the fiscal 2012, we had 11 Directors and 5 Corporate Auditors.
2. No Director of the Company is concurrently an employee of the Company.
3. The maximum amount of monthly remuneration to Directors is 75 million yen per month, resolved at the 118th Ordinary General Meeting of Shareholders held on June 27, 1986.
4. The maximum amount of monthly remuneration to Corporate Auditors is 11 million yen per month, resolved at the 125th Ordinary General Meeting of Shareholders held on June 29, 1993.

Election of Outside Directors

For the purpose of Sumitomo Corporation ensuring appropriate decision-making in board meetings and further enhancement of supervisory functions through diverse perspectives, two Outside Directors were elected at the 145th Ordinary General Meeting of Shareholders of Sumitomo Corporation held on June 21, 2013. They fulfill the standards related to independence set by the Tokyo Stock Exchange and other exchanges.

Reason for selection and brief outline of career of the Outside Directors are as follows:

Akio Harada

Reason for selection

Akio Harada is deemed to be qualified for the role of Outside Director because he possesses highly specialized knowledge accumulated over many years as a prosecutor and lawyer, and a wealth of practical experience and on the grounds of his character and insight, and was therefore elected to the post.

Brief outline of career

December 1999	Superintending Public Prosecutor of the Tokyo High Public Prosecutors Office
July 2001	Prosecutor-General
October 2004	Attorney at Law (present position)
June 2005	Outside Corporate Auditor of Sumitomo Corporation
June 2013	Outside Director of Sumitomo Corporation (present position)

Kazuo Matsunaga

Reason for selection

Kazuo Matsunaga is deemed to be qualified for the role of Outside Director because he held a series of important posts over many years at the Ministry of Economy, Trade and Industry and possesses broad knowledge and experience in fields including resources, energy, and industrial policy and on the grounds of his character and insight, and was therefore elected to the post.

Brief outline of career

July 2008	Director-General, Economic and Industrial Policy Bureau
July 2010	Vice-Minister of Economy, Trade and Industry
June 2013	Outside Director of Sumitomo Corporation (present position)

Corporate Auditors and the Board of Corporate Auditors

Enhancement of Corporate Auditing Framework

To further strengthen external views within the corporate auditing framework, we added one external auditor in June 2003, bringing the number of external auditors to three out of the five members on the Board of Corporate Auditors. Of these three, two are legal experts (a former President of the Tokyo High Court and a former Prosecutor-General) and one is an accounting expert—ensuring an auditing system that incorporates a diversity of perspectives. The three external Corporate Auditors fulfill the standards related to independence set by the Tokyo Stock Exchange and other exchanges.

Ensuring Audit Effectiveness

Corporate Auditors attend meetings of the Board of Directors and all other important internal meetings, to obtain the information necessary for proper auditing. Corporate Auditors also meet the Chairman of the Board of Directors and the President and CEO every month to exchange opinions on material issues regarding management policy and auditing. Moreover, the Corporate Auditor's Administration Department is assigned to assist Corporate Auditors, so that the auditing system functions effectively and without hindrance.

Reason for selection and brief outline of career of the Outside Corporate Auditors are as follows:

Tsuguoki Fujinuma

Reason for selection

Tsuguoki Fujinuma has a broad range of expertise, including on matters of finance and accounting, and long years of experience as an accountant. He was selected and asked to perform audits from a broad perspective on the grounds that his character and insight are most suited for the position.

Brief outline of career

June 1993	Representative Associate, Ota Showa Audit Corporation (now Ernst & Young ShinNihon LLC)
May 2000	President, International Federation of Accountants (IFAC)
July 2004	Chairman and President, The Japanese Institute of Certified Public Accountants
July 2007	Advisor, The Japanese Institute of Certified Public Accountants (present position)
June 2008	Outside Corporate Auditor of Sumitomo Corporation (present position)

Mutsuo Nitta

Reason for selection

Mutsuo Nitta has a broad range of expertise and long years of experience as both a judge and lawyer. He was selected and asked to perform audits from a broad perspective on the grounds that his character and insight are most suited for the position.

Brief outline of career

December 2004	President of the Tokyo High Court
April 2007	Attorney at Law (present position)
June 2009	Outside Corporate Auditor of Sumitomo Corporation (present position)
October 2012	Chairman of Tokyo Metropolitan Public Safety Commission

Haruo Kasama

Reason for selection

Haruo Kasama has a broad range of expertise and long years of experience as both a prosecutor and lawyer. He was selected and asked to perform audits from a broad perspective on the grounds that his character and insight are most suited for the position.

Brief outline of career

June 2010	Superintendent Public Prosecutor of Tokyo High Public Prosecutors Office
December 2010	Prosecutor-General
October 2012	Attorney at Law (present position)
June 2013	Outside Corporate Auditor of Sumitomo Corporation (present position)

Collaboration Between Internal Auditing Department and Accounting Auditors

To ensure audit efficiency, Corporate Auditors interact closely with the Internal Auditing Department, receiving reports on internal audit plans and their results in a timely manner. In addition, Corporate Auditors exchange information with and monitor the auditing activities of the Accounting Auditors through regular

Message From an Outside Director

I Will Do My Best Applying My Knowledge and Experience as an Outside Corporate Auditor

I have gained eight years of experience since my appointment as an outside corporate auditor for Sumitomo Corporation in 2005. I believe Sumitomo Corporation constantly strives to realize a high standard of corporate governance through active investments of its corporate resources, such as organizations, human resources and funds. To date, Sumitomo Corporation has made its corporate governance more efficient by strengthening and enhancing its corporate auditors system.

I consider that the presence of outside corporate auditors ensures that Sumitomo Corporation's corporate governance is sufficiently effective. There are plenty of systems in place to allow the outside corporate auditors to perform their roles to maximum effect; for example, they can look through the minutes of all important meetings that take place in the Company. I myself actively provided advice at Board of Directors meetings as an outside corporate auditor to ensure no problems would arise with regard to leadership by management and risk taking by individual business units. However, the position had limitations too: I was not responsible for participating in the formation of opinions at the Board of Directors meetings.

In 2013, Sumitomo Corporation decided to establish the position of outside director. The purpose is to realize appropriate decision-making at Board of Directors' meetings based on diverse perspectives, and to further strengthen the function for supervising management. I became one of the two outside directors that have been appointed. It is not an easy task for an external person to get an accurate grasp of the situation surrounding important matters for a company and deliberate on them. Looking ahead, as an outside director of Sumitomo Corporation, I will make use of the knowledge I have acquired through my many years of experience in the legal profession, not to mention the knowledge I gained as an outside corporate auditor of the Company. Based on this knowledge, I intend to take a wide perspective as I participate in the opinion-forming process of the Board of Directors.

Sumitomo Corporation is a global company with a long history as an integrated trading company. In responding to the needs of the times, Sumitomo Corporation finds increasing opportunities to create value for society as a project facilitator, in addition to its conventional trading activities. This requires the Sumitomo Corporation to bring together a variety of knowledge and experience, and use them to harness all of its integrated strengths. My objective as an outside director is to ensure that these integrated strengths generate stakeholder benefits through the Group's business activities.

AKIO HARADA
Outside Director
Lawyer
Appointed as
outside corporate auditor in 2005
Appointed as
outside director in 2013

Message From an Outside Corporate Auditor

The Heart of Our Corporate Governance is Sumitomo's Business Philosophy

TSUGUOKI FUJINUMA
Outside Corporate Auditor
Certified Public Accountant
Appointed as
outside corporate auditor in 2008

I was appointed as an outside corporate auditor of Sumitomo Corporation in 2008. In this role, I have applied my knowledge and experience in corporate accounting from a global perspective, gained from my appointments as Chairman of the International Federation of Accountants and Chairman of The Japanese Institute of Certified Public Accountants, in performing my duties.

I attend the meetings of the Board of Directors of Sumitomo Corporation and I feel that the environment of these meetings is conducive to the exchange of extremely frank and lively opinions. Even in my role as an outside corporate auditor, opportunities are provided to receive briefings in advance on matters that will be discussed at the meetings, enabling us to actively participate in discussions at the Board of Directors meetings. In order to proactively elicit opinions from outside the Company, the Company has a unique system in which outside directors and corporate auditors meet with the Chairman of the Board of Directors and the President and CEO each month to discuss various topics ranging from current affairs to business matters.

One of the characteristics of Sumitomo Corporation is that all officers and employees have a strong awareness of the pertinent issues. This point illustrates just how deeply Sumitomo Corporation Group's Corporate Mission Statement and its underlying 400 year-old Sumitomo's Business Philosophy permeate the organization. Moreover, I believe that this is the heart of Sumitomo Corporation's corporate governance. In this context, from 2013 the Company is appointing two outside directors. This move will further strengthen the corporate governance system, and I expect it to raise the effectiveness of corporate governance.

In 2013, the Company disclosed a vision, "What We Aim to Be," in time for the 100th anniversary of the establishment of Sumitomo Corporation in 2019. To realize this vision, Company has positioned the two-year period in the BBBO2014 medium-term management plan as the stage to thoroughly enhance Group earning power and head for an even higher level of profit growth by maintaining financial soundness and building a robust earnings foundation. I believe this plan confirms that Sumitomo Corporation's identity is not only the achievement of earnings growth but also the maintenance of financial soundness. The Company's business operations are both global and diverse. Consequently, the Company faces not only a variety of business opportunities, but also a variety of risks, including in the areas of business risk and country risk. As an accounting specialist, I hope to proffer extensive advice while applying my knowledge and experience to minimize these risks to the fullest extent.

meetings. By attending audit review meetings with the Accounting Auditors and observing inventory audits, the Corporate Auditors constantly work to improve audit efficiency and quality.

Furthermore, Corporate Auditors attend meetings of the Internal Control Committee and request reports on the status of internal control systems from other departments responsible for internal control, along with their cooperation on audits.

Introduction of an Executive Officer System

We have introduced an executive officer system with the aim of clarifying the responsibilities and authority for execution and strengthening the monitoring function of the Board of Directors. We currently have 42 Executive Officers (as of July 31, 2013) selected by the Board of Directors. Of these, nine Executive Officers also serve concurrently as Directors, including five who are also General Managers of Business Units. In this way, we aim to prevent gaps between decisions made at Board of Directors meetings and the execution of those decisions.

System for Ensuring Management Transparency

Basic Policy on Information Disclosure

To bring an accurate understanding of the Company's management policies and business activities to all our stakeholders, we shall strive to make full disclosure, not limiting ourselves to the disclosure of information required by law but also actively pursuing the voluntary disclosure of information.

Communicating With Shareholders and Other Investors

■ Encouraging the Execution of Voting Rights at the General Meeting of Shareholders

We send out a Notice of Convocation to shareholders three weeks prior to each regularly scheduled General Meeting of Shareholders. For the convenience of overseas shareholders, we also provide an English-language translation of the notice on our website. We have allowed our shareholders to exercise their voting rights via the Internet using personal computers since 2004 and via the Internet using mobile phones since 2005. In 2007, we introduced the Electronic Voting Platform operated by Investor Communication Japan, Inc. (ICJ), instituted by Tokyo Stock Exchange, Inc. and others. The new platform allows institutional investors sufficient time to thoroughly examine the propositions to be resolved at the meeting.

■ Disclosure of Various Information

Our corporate website endeavors to ensure the provision of proactive and timely disclosure of various documents and materials containing information that may be useful in making investment decisions. These documents and materials include financial results, *yukashoken houkokusho* (Japanese annual securities reports), and the Company's presentation materials. Moreover, the website provides Sumitomo Corporation's Annual Report. The website also presents features compiled to introduce Group-wide topics such as the projects the Company operates all over the world.

■ Investor Relations

In addition to working to enhance the disclosure of information on our website, in order to ensure direct communication with shareholders and other investors, we hold quarterly meetings attended by management to provide information on our financial results for analysts and institutional investors. For overseas investors, we periodically visit the United States, the United Kingdom, and other countries in Europe and Asia to hold one-on-one meetings with investors in each region. In addition, in fiscal 2004 we began regularly holding meetings with individual investors in Japan. In fiscal 2012, we held five such meetings in four cities, attended by a total of 1,200 individual investors.

While working to strengthen and enhance our corporate governance structure and systems, from the perspectives of "improving management efficiency" and "maintaining sound management," we will continue to further strengthen internal auditing, risk management and compliance, to further improve the effectiveness of internal control.

Website

Homepage
http://www.sumitomocorp.co.jp/english/

Investor Relations
http://www.sumitomocorp.co.jp/english/ir/

Publications

Annual Report

Internal Control and Internal Audits

The Sumitomo Corporation Group has strengthened its internal controls in order to retain the trust of all its stakeholders.

Internal Control

The Sumitomo Corporation Group is formed of five Business Units as well as regional organizations in Japan and overseas. The Business Units, organizations and Group companies collectively work together in broad business fields. It is essential that we provide a uniform standard in operational quality at these businesses, irrespective of their business sector or region. This standard must also meet the expectations of our stakeholders.

From this perspective, we have continually improved our general operation to further strengthen the Group's internal control since 2005. This improvement effort is based on the result of evaluations that we have performed using a comprehensive checklist. The checklist covers various points pertaining to general operations that should be common across the Group, including risk management, accounting and financial controls and compliance.

Furthermore, we have defined specific internal controls, which have been extracted through analysis of past loss scenarios, etc., as important points that must be strengthened thoroughly on a Company-wide level.

In August 2010, we launched the Internal Control Committee, which is responsible for the planning, implementation, evaluation and improvement of overall internal control across the entire Sumitomo Corporation Group. The objectives of the Internal Control Committee are to secure the soundness of management and to improve the efficiency of management. The committee promotes Group-wide activities to strengthen our internal control, such as updating the aforementioned checklist to address recent changes in laws and other rules within and outside the company, introducing past cases of loss situations arising from deficiencies in internal controls, and upgrading related instructional materials. Our Business Units and regional organizations in Japan and overseas continue to implement internal control enhancement activities as in previous years. Each organizational unit carries on these activities continuously on a daily basis with timely and optimal support from its Planning & Administration Department, contributing to the sustainable growth and development of the Group.

■ Initiatives for Enhancing the Quality of Operations

The Sumitomo Corporation Group has actively implemented the improvement and monitoring of internal control systems required by law under the Japanese Company Law and the Financial Instruments and Exchange Law on a Company-wide level. We considered these legal obligations as a prime opportunity to promote such improvement in the quality of our operation, as we have implemented ahead of legislative measures around the world.

The Japanese Company Law, which came into effect in May 2006, calls for companies to establish "systems ensuring that the execution of duties by directors conforms to legal regulations and their Articles of Incorporation as well as systems ensuring that business processes are handled appropriately." Sumitomo Corporation fulfills the requirements of this law and the Internal Control Committee monitors the operation of such internal control systems.

To comply with the internal control reporting rules stipulated in the Financial Instruments and Exchange Law, which took effect on April 1, 2008, we evaluate the effectiveness of our internal controls as of the fiscal year-end with regard to the Group's financial reporting, through documentation and testing throughout the year, as required by law.

Through the aforementioned efforts and measures, the Sumitomo Corporation Group aims to continuously improve the quality of its operations.

Internal Audits

The Internal Auditing Department, which reports directly to the President and CEO, was established as an independent organization to monitor Company-wide operations. Internal audits are performed at all organizations within the Company and Group companies. All the internal audit results are reported directly to the President and CEO and also to the Board of Directors.

The Internal Auditing Department checks comprehensively organizations' assets, the way of risk-management, status of compliance and business processes to find their problems and risks inherent. The Internal Auditing Department helps to raise the quality of organizational management by encouraging voluntary improvements and evaluating the effectiveness and the validity of each process.

Compliance

Positioning compliance as a basic premise for all corporate activity, Sumitomo Corporation is building a compliance structure in accordance with clearly defined policies. In maintaining strict adherence to this compliance structure, we are ensuring our existence as a going concern and securing our credibility and status.

Policies and the Reporting Structure of Corporate Compliance

It is our policy that both officers and employees should never risk transgression in pursuit of profit for the Company. In order to promote compliance, Sumitomo Corporation established the Compliance Committee under the direct supervision of the President and CEO. The Compliance Committee is responsible for preparing the Company's Compliance Manual and distributing it to all officers and employees. The Compliance Manual covers the following 19 Compliance Guiding Principles to ensure the Company's bottom line: "If there is even a trace of doubt, do not do it." If a potential compliance problem is detected, we continuously encourage our employees to report it to their supervisors or the relevant departments immediately, so that the best countermeasures can be implemented swiftly.

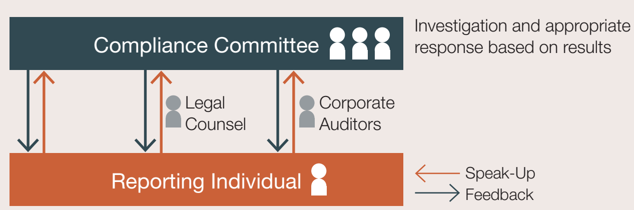
Compliance Training and Education

Employees have access to the latest version of the Compliance Manual and other manuals detailing applicable laws and regulations on the Company's intranet. We also offer various training programs and educational activities on compliance, including: programs for specific groups, such as employees, managers and corporate officers new to the Company; seminars provided by each Business Unit; seminars targeted at all officers and employees; and seminars for overseas offices and Group companies. We also make use of various domestic and overseas conferences for compliance education. In addition, we continuously hold e-learning compliance seminars open to all officers and employees from all levels.

Speak-Up System

If an employee becomes aware of a possible compliance problem, he or she can pass the information along the chain of command. In addition, the "Speak-Up System" was introduced to allow individuals to report a potential problem directly to the Compliance Committee. Outside legal counsel and our Corporate Auditors have been included as additional points of contact to further augment the system. Although, in principle, reporting individuals are asked to identify themselves so that they can be updated on the outcome of their cases, Company rules state that both the identity of such individuals and the nature of the information provided are kept confidential, and that no negative repercussions will redound on the reporting employees due to such reporting. The Compliance Committee is responsible for handling all the information it receives in an appropriate manner.

Speak-Up System Diagram



Guiding Principles

Business Activities	Corporate Citizen as a Member of Society	Maintenance of a Good Working Environment	Personal Interests
• Observing Antimonopoly Laws • Security Trade Control • Customs/Controlled Items • Compliance With Applicable Laws • Respecting and Protecting Intellectual Property Rights • Prohibition of Unfair Competition • Information Management • Preservation of the Environment • Overseas Business Activities	• Prohibition on Giving Bribes • Prevention of Unlawful Payments to Foreign Governmental Officials • Political Contributions • Confrontation With Antisocial Forces	• Respect for Human Rights* • Prohibition of Sexual Harassment • Prohibition on Abuse of Authority * Based on the Universal Declaration of Human Rights.	• Insider Trading • Conflict of Interest • Proper Use of Information System

Risk Management

In order to cope effectively with the diversifying risk environment, we have built a risk management framework by developing our risk management approach from a micro to a macro perspective, and shifting our focus from "minimizing losses from individual transactions" to "maximizing corporate value." This framework is strongly linked to the management plan, playing a critical role in supporting the efficient management of our corporate resources.

The Purpose of Risk Management

We define "risk" as the "possibility of losses due to the occurrence of anticipated or unanticipated situations" and as the "possibility of not achieving the expected return on business activities." We have set the following three items as the purpose for our risk management activities.

1. **Stabilize Performance: Minimize discrepancies between the plan and the actual results**
2. **Strengthen Financial Base: Maintain Risk-adjusted Assets within the buffer (shareholders' equity)**
3. **Maintain Corporate Reputation: Fulfill CSR requirements and preserve corporate reputation**

Risk Management Basic Policy

We classify our risks into two categories: Quantifiable risk and Non-quantifiable risk. Quantifiable risk is defined as "value creating risk," which we proactively take to generate a return. Our policy is to maximize the risk-adjusted return while maintaining Risk-adjusted Assets within our buffer.

Non-quantifiable risk is defined as "value breaking risk," which only generates losses when it surfaces. We are building a framework that prevents or minimizes the probability of this risk from materializing.

Risk Management Framework

Managing Quantifiable Risk

■ Managing Investment Risk

Once an investment is made, it is often difficult to make a withdrawal decision and the loss impact is usually significant in scale. To manage the investment risk, we have in place an integrated framework covering the entry process to the exit process. For the entry process, we carefully select investments that exceed the hurdle rate, a threshold for the rates of return on new investments relative to the cost of capital. In case of new investments for large-scale, important projects, cases are put forward to the Loan and Investment Committee for thorough examination. According to business performance, financial conditions and/or business environment, the Committee discusses how to enhance the value of the business including expansion, downsizing or disposal when necessary. When the performance of investments falls short of required standards after a certain period from their inception, we have an Exit Rule that shall designate those investments as "Investments to withdraw from."

■ Managing Credit Risks

Our business is exposed to credit risks, as we extend credit to our customers in the form of accounts receivable, advances, loans, guarantees and other instruments. We have incorporated our original credit rating model, the Sumisho Credit Rating (SCR), to assess our customers' credit risk. The authority level to provide credit exposure to customers depends on the assigned credit rating. In addition, we regularly review customers' credit limits and appropriately manage the credit exposure under those limits. At the same time, we continuously perform credit evaluations on the financial condition of customers, and based on such evaluations, take collateral to secure the receivables if necessary.

■ Managing Market Risks

We set limits on contract balances as well as the loss limits for six months or a full year for commodity and financial instrument transactions. At the same time, we constantly monitor the potential amount of loss, (Value at Risk (VaR)—an estimate of potential risk or in case the total figures of realized and unrealized gain/loss are negative at the time of monitoring, the total of VaR and the relevant negative figures), to ensure that the potential amount of loss falls within the loss limits. In addition, we conduct liquidity risk management for each product on an individual futures market basis in order to be prepared in the event that it becomes difficult to close positions due to shrinking liquidity. The Financial Resources Management Group undertakes both the back and middle office functions in order to completely separate those functions from the Business Units, thereby enabling us to maintain the soundness of internal checks.

■ Managing Concentration Risks

As we are operating globally and engaging in a variety of business fields, we need to ensure that the risks are not excessively concentrated in particular areas. In order to avoid overly concentrated exposure in certain countries and regions, we have in place a country risk management system. In addition, in order to avoid the excessive concentration of resources in any specific field and refine our business portfolio, we thoroughly discuss the amount of Risk-adjusted Assets distributed to each unit and business line in meetings such as the "strategy conference," which is held among the President and CEO and general managers of each unit and the "Loan and Investment Committee," which deliberates on important investment and financing.

Managing Non-quantifiable Risks

Non-quantifiable risks are those that must be borne, but for which we cannot expect returns. These include litigation and other legal risks, operational risks such as clerical mistakes or fraud acts, and natural disaster risk. Some of these risks involve events that rarely occur but could have a critical impact on our operations once they arise. Our basic policy is to prevent or minimize the probability of these risks to materialize. Accordingly, we periodically assess non-quantifiable risks on a global and consolidated basis. We do this through a range of initiatives to strengthen our internal control across the Group under the leadership of the Internal Control Committee as well as through independent activities by our Business Units and regional organizations in Japan and overseas. Based on the assessment result, we continuously search for a more efficient and effective organizational structure and procedures to improve the quality of our business operations.

Embedding the Sense of Risk Management

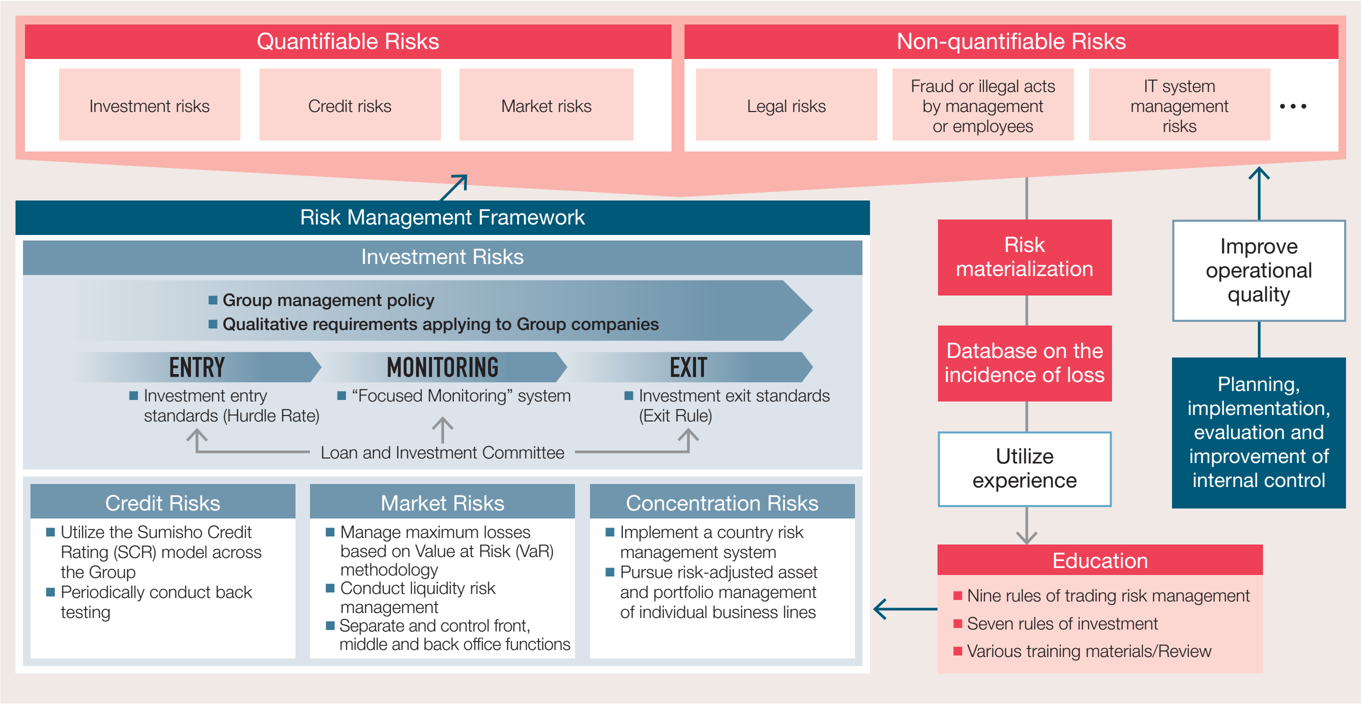
Although we have been constructing the best possible risk management framework to cope with diversified risks, we cannot completely prevent the incurrence of loss in the course of business activities only by the framework itself. We are putting our efforts into implementing the initiatives that enable us to quickly identify the occurrence of losses in order to suppress loss accumulation and prevent the contagion effects that lead to secondary losses. These initiatives include devising ways to quickly identify the cause of losses and share such information among top management and related departments. We have compiled a database of such loss information that allows for the systematic analysis of the causes of loss-incurring events. These analyses are used as training materials for employees as part of various educational programs. Through this knowledge feedback process, individual employees can upgrade their risk management capabilities, supporting the prevention of the same kind of loss events.

Eyeing the Future of Risk Management

Over the past decade, Sumitomo Corporation has created a formidable risk management framework by studying advanced methods and processes. Our goal is to implement the best practices in risk management while maintaining the flexibility to adapt to changes in the business environment. The surrounding environment is continually changing, however, and new business models that we could never have imagined are emerging on a daily basis. Responding to changing circumstances in a timely and effective manner, we continually upgrade our risk management under the direction of top management.

Information Security Control Structure

Sumitomo Corporation works to enhance its information management system to maintain and improve information security. Our approach to this end includes the development of internal rules and manuals as well as the provision of employee training and awareness-raising activities, with a focus on taking preventive measures against risks relating to leakages of confidential information and compliance with the Personal Information Protection Act, which came into full effect in April 2005.



Risk-adjusted Return Management

We are now facing a harsher business environment compared to the past few years, during which we saw steady growth. However, we have been implementing management reforms on the basis of the Risk-adjusted Return Approach for many years, building a business foundation able to sustain stable earnings and a firm financial condition even during severe economic environments. In this special feature, we will introduce Risk-adjusted Return as the backbone of our management approach.

Background to the Introduction of the Risk-adjusted Return Ratio

Until the early 1980s, the main business of Sumitomo Corporation and other integrated trading companies was acting as intermediaries for goods and services. From the late 1980s onward, integrated trading companies sharply stepped up their involvement in new businesses as well as overseas investment as they responded to a decline in demand for trading company financing and the growing transfer of production overseas due to the yen's appreciation.

In the early 1990s, in addition to this business diversification, a series of changes came about in the operating environment. The collapse of the bubble economy in the early 1990s triggered a plunge in stock and real estate prices, and in 1997 the Asian Currency Crisis caused problems for many overseas projects. In addition to the effects of these factors, we recorded substantial impairment of shareholders' equity due to an incident involving unauthorized copper trading in 1996. Thereafter, improving profitability and our financial condition became our topmost priority.

As our Business Units have a variety of business styles in diverse fields, it was difficult to evaluate each business's performance based only on net income. We needed a Company-wide, universal yardstick for measuring the return on management resources invested in each business and for optimally allocating limited management resources.

The basic aim of any business is to generate returns relative to the risks involved and in autumn 1998, ahead of its peers, Sumitomo Corporation introduced the Risk-adjusted Return Ratio as an indicator of profitability, i.e., the degree of return from a certain level of risk.

Specifically, we calculate Risk-adjusted Assets as the value of maximum possible losses by multiplying the value of assets by a risk weight that assumes the maximum possible loss ratio in asset values.

With Risk-adjusted Assets as the denominator, we use returns, i.e., net income, as the numerator to calculate profitability, both in each business and for the Company as a whole.

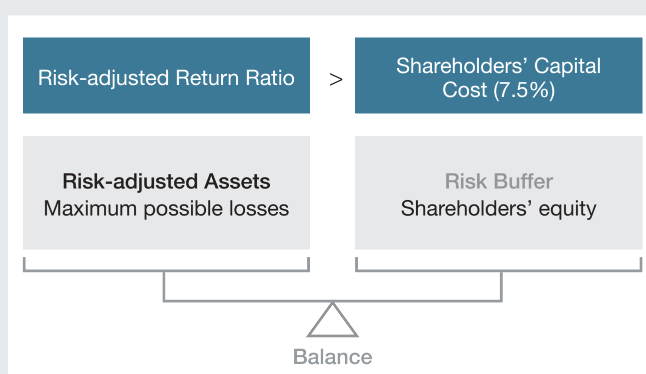
Basics of Risk-adjusted Return Management

Since its introduction as a management indicator, the Risk-adjusted Return Ratio has played a major role as a tool for achieving universal Company-wide objectives.

From the perspective of ensuring business stability, a core management principle is to avoid excessive risks by keeping Risk-adjusted Assets (maximum possible losses) within shareholders' equity (the risk buffer). This principle means that even if all potential risks were to actually occur at once, shareholders' equity would be able to absorb the losses.

Moreover, to ensure earnings power, return on risks must be greater than our shareholders' capital cost. In other words, we set the Risk-adjusted Return Ratio at 7.5% as the minimum requirement for the whole company. In every business, the basis we use for choosing to move forward is this Risk-adjusted Return Ratio of 7.5%.

$$\text{Risk-adjusted Return Ratio} = \frac{\text{Net Income}}{\text{Risk-adjusted Assets (Maximum possible losses)}}$$



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CHAPTER 4

TOWARDS A BETTER, SUSTAINABLE SOCIETY (CSR)

Message From the Chair of the CSR Committee

CSR in the Sumitomo Corporation Group

Yasuyuki Abe
Director, Senior Managing Executive Officer,
General Manager,
Corporate Planning & Coordination Group

CSR in the Sumitomo Corporation Group

In the preamble to the Corporate Mission Statement, the Group sets out its corporate vision: "We aim to be a global organization that constantly stays a step ahead in dealing with change, creates new value, and contributes broadly to society." The statement continues to describe the corporate mission, which is, "To achieve prosperity and realize dreams through sound business activities," and Sumitomo Corporation's management style, which is, "To place prime importance on integrity and sound management with utmost respect for the individual."

The Sumitomo Corporation Group regards CSR as working to achieve our corporate vision by staying true to the management style described in our Corporate Mission Statement, engaging in responsible corporate management, and working to fulfill our corporate mission. In other words, CSR centers on sound business activities. Specifically, every member of the organization is expected to perform their daily duties with spirit and a lofty sense of ethics, thereby putting into practice our Corporate Mission Statement.

This approach is founded on gaining an understanding of social issues by engaging in dialogue with a variety of stakeholders, and working strategically through business activities to resolve them. In doing so, we create new value and promote sustainable growth of society and the Group. We will celebrate the centennial anniversary of our founding in 2019. To ensure that we are among the first to respond to the dramatically changing business environment and continue to grow along with society for another 50 years, 100 years, and beyond, we believe it is critical that we consider what we can and should do as an organization, and then follow up by devising and implementing business strategies.

Progress and Achievements of Our CSR Efforts

One key step we took to put CSR into practice over the past year was working to deepen employees' understanding of our Corporate Mission Statement—the foundation of the Group's CSR activities. We took opportunities to further entrench this statement globally. Meanwhile, since signing the UN Global Compact in March 2009, the Sumitomo Corporation Group has also been an active participant in a local network—the Global Compact Japan Network. In fiscal 2012, we took part in workshops on supply chain CSR and human rights. We used these opportunities to exchange views with individuals from companies in diverse industries and learn from other firms' examples and experts, working to improve upon our promotion of CSR. I serve as the Chair of Sumitomo Corporation's CSR Committee, an advisory body to the President and CEO. At the end of fiscal 2012, the CSR Committee conducted a review of CSR-related measures, and established a policy for fiscal 2013. Based on this policy, we are working to further enhance the quality of our measures to promote CSR. We have started working on a mechanism for performing self-checks of current CSR initiatives making reference to the ISO 26000 international CSR guideline, identifying priority tasks, and implementing related improvement activities.

On Annual Report 2013

Sumitomo Corporation has published a print edition of the Report on Responsibility & Sustainability up until fiscal 2012. While the report will still be available on our website, we will be integrating the print edition with our annual report from Annual Report 2013 onwards. The annual report will offer greater information, including on CSR initiatives, and provide more detailed reporting of the Group's CSR promotion as well as its social and environmental initiatives. It also introduces the CSR initiatives that each business unit is implementing through its business activities in the overview of operations section.

While continuing to pursue an involvement with CSR that is appropriate for a corporate group with global operations, the Sumitomo Corporation Group will realize its corporate vision by striving to create value that nobody else can match in ways befitting our distinctive identity.

Major CSR Promotion Activities

CSR Promotion Structure

Since establishing the Environment & CSR Department in April 2008, Sumitomo Corporation has aggressively pursued CSR in cooperation with relevant internal departments, domestic and overseas business bases, and Group companies. We have also established the CSR Committee as an advisory body to the President and CEO. The committee's activities include examining and discussing the Company's CSR frameworks and promotion measures. In addition, we set up the Global Environment Committee within the CSR Committee to promote environmental management activities based on the ISO 14001 standard, and to review and discuss relevant policies and concrete initiatives.

The CSR Committee is headed by the General Manager of the Corporate Planning & Coordination Group, and its members are General Managers from the Corporate Group. The committee meets biannually in principle. At the CSR Committee meeting in March 2013, a CSR policy for fiscal 2013 was established after reviewing the steps taken in fiscal 2012. In fiscal 2013, the policy is to use international codes of conduct pertaining to CSR, such as ISO 26000, as references for measures to further raise the quality of CSR promotion. In social contribution activities, the plan focuses on developing the next generation of human resources, setting out to bolster initiatives such as the Sumitomo Corporation Scholarship (please see pages 94–95) and the Sumitomo Corporation Youth Challenge Program for the Revitalization of East Japan (please see pages 96–97).

President and CEO

CSR Committee

Chairperson:	General Manager, Corporate Planning & Coordination Group
Members (General Manager of each of the following Depts):	Internal Auditing Dept., Corporate Planning & Coordination Dept., Global Strategy & Coordination Dept., Investor Relations Dept., Corporate Communications Dept., Information Technologies Planning & Promotion Dept., Environment & CSR Dept., Human Resources Dept., Employee Relations & Compensation Dept., Corporate Legal & General Affairs Dept., Legal Dept., and General Accounting Dept.
Secretariat:	Environment & CSR Dept.

Global Environment Committee

Promoting a Deeper Understanding of Our Corporate Mission Statement Throughout the Group Worldwide

We believe ongoing value creation and widespread contributions to society through business activities start with practicing our Corporate Mission Statement. Accordingly, we take every opportunity to deepen the understanding of this statement and expand its reach throughout the Group. We include employees of all ranks, locally hired employees at overseas offices, and employees of Group companies in our various training programs to enhance awareness and penetration of the Corporate Mission Statement. We also utilize tools like e-learning and training materials developed in-house to foster greater understanding of the story behind the establishment of the Corporate Mission Statement as well as Sumitomo's Business Philosophy that is its underlying foundation. Our organizations overseas are also leading initiatives to raise employee awareness in step with advancement of our global operations. By ensuring that every Sumitomo Corporation Group employee fully grasps the Corporate Mission Statement and puts it into practice in their daily business activities, we will demonstrate our core competence—our integrated corporate strengths—on a global scale. We also believe that sharing these values with our business partners around the world will enable us to build a more solid, sustainable business foundation.


Training for locally hired employees

Initiatives for the United Nations Global Compact

The Sumitomo Corporation Group has declared its support for the 10 principles of the UN Global Compact, as this international CSR-related initiative and our Corporate Mission Statement share similar values. With our participation in the Global Compact, we committed ourselves to making further improvements by constantly considering enhancements to our business activities in light of the values advocated by the 10 principles.

Additionally, we continued to participate in the activities of the Global Compact Japan Network. In the Human Rights Subcommittee, we discussed CSR practices related to human rights with corporate participants from diverse industries. Topics of discussion included perceptions of human rights issues in international codes of conduct, methods of establishing human rights policies, and ways of promoting due diligence with respect to human rights. We learned from both the knowledge of experts and examples set by leading companies.

* We also support the Universal Declaration of Human Rights, which the 10 principles of the UN Global Compact are derived from.

Initiatives for Supply Chain CSR

To learn more about our supply chain CSR management, please refer to the following website. http://www.sumitomocorp.co.jp/english/csr/policy/

Environmental Initiatives

Environmental Management

Throughout its 400-year history, the Sumitomo Group has pursued industrial development that co-exists with local communities and the natural environment. Using the experience it has built up over this long period, the Sumitomo Corporation Group is committed to contributing to the sustainable development through sound business activities that take into account global environmental issues.

Environmental Policy

All Group companies carry out environmentally sound management under a common environmental policy, including those participating in the Group's environmental management system, in order to reduce our environmental impact and improve environmental conditions through our business activities.

Sumitomo Corporation Group Environmental Policy

The Sumitomo Corporation Group recognizes that environmental issues are global in scale and are long-term matters affecting future generations. As a global organization, the Sumitomo Corporation Group, through sound business activities, will strive to achieve sustainable development aimed at symbiosis between social and economic progress and environmental preservation. With this as its basic policy, the Sumitomo Corporation Group strives to achieve environmental management in its commercial trading, business development, and investment, etc., based on the guidelines stated below.

I. Basic Policy

The Sumitomo Corporation Group recognizes that environmental issues are global in scale and that they are long-range concerns affecting future generations. As a global organization, the Sumitomo Corporation Group, through sound business activities, will strive to achieve sustainable development aimed at symbiosis between social and economic progress and environmental preservation.

II. Basic Guidelines

In pursuing its diversified business activities both within Japan and overseas, the Sumitomo Corporation Group shall comply with the following guidelines, and, through cooperation between its Group companies, work to achieve the aims of its basic environmental policy.

1. Basic stance with regard to the environment:
To attach great importance to protecting the global environment as a good corporate citizen in keeping with its Activity Guidelines.

2. Compliance with environmental legislation:
To strictly observe legislation related to environmental matters not only in Japan but also overseas and abide by any agreements undertaken by the Group companies.

3. Caring for the natural environment:
To protect the natural environment and preserve biodiversity.

4. Efficient use of resources and energy:
To be mindful of the finite availability of resources and energy and strive to use them both efficiently and effectively.

5. Contributing to the building of a recycling-oriented society:
To endeavor to help build a recycling-oriented society by reducing waste and reusing and recycling resources.

6. Promotion of businesses that contribute to environmental preservation:
To utilize our integrated corporate strength to promote businesses and projects, which contribute to environmental preservation and reduction of the impact of society on the natural environment.

7. Establishment of environmental management:
To use an environmental management system to prevent environmental pollution and set environmental objectives and targets which are regularly reviewed and continuously upgraded.

8. Disclosure of the Environmental Policy:
To communicate this Environmental Policy to all people who are working for or on behalf of the Sumitomo Corporation Group, as well as disclosing it externally.

June 22, 2012
President and CEO, Sumitomo Corporation
Kuniharu Nakamura

Environmental Management System

The Group has obtained certification for the ISO 14001 standard and has been working to implement environment management activities.

Led by Sumitomo Corporation's President and CEO, the Group's multi-site system enables unified environmental management of many different offices and organizations in line with the Sumitomo Corporation Group Environmental Policy. As of June 2013, approximately 19,000 employees in total from all domestic locations of Sumitomo Corporation and its 30 Group companies are participating in these environmental management activities.

For information about Group companies that have obtained ISO 14001 certification independently, please refer to our corporate website.

http://www.sumitomocorp.co.jp/english/csr/environment/manage/iso_management/

ISO14001
JQA-EM0451

Environmental Objectives and Targets

Environmental Objectives, Targets and Results for Fiscal 2012 (Sumitomo Corporation)

Management Area	Objective	Fiscal 2012 Target	Achievement Level (15 months from January 2012 to March 2013)
Environmental business	Improve the environment through business operations and expand environmental business	Promote projects to save energy and reduce greenhouse gas emissions	• Promoted a CO_2 emissions reduction project aimed at preventing peat fires in Indonesia
		Expand business utilizing renewable energy	• Promoted geothermal and hydroelectric power projects in Asia and Oceania as well as new wind power projects in the U.S. and South Africa • Pushed forward new solar power generation projects in Southern Europe, the U.S. and Japan • Purchased surplus electric power from solid energy-from-waste plants and purchased Renewable Energy Certificates in Japan
		Promote business operations that help create a recycling-oriented society	• Promoted a waste home appliance recycling business in China • Promoted PET bottle recycling business in Japan
Management of environmental impact	Reduce environmental impact of business operations	Monitor and reduce electricity, gas consumption, and waste emissions in all offices in Japan	• Implemented measures aimed at reducing total electricity consumption by 1% each year Fiscal 2010 result: 10.744 million kWh Fiscal 2011 result: 8.638 million kWh (reduced by 19.6% year-on-year) Fiscal 2012 result: 8.093 million kWh (reduced by 6.3 % year-on-year) • Received third-party assurance for energy consumption and CO_2 emissions
		Assess environmental impact caused by business operations	• Carried out appropriate environmental impact assessment and soil pollution surveys in a timely manner
		Assess and promote the reduction of environmental impact of the supply chain involved	• Started disclosing Scope 3 emissions
Hazardous substance management	Comply with chemical substance regulations	Increase the level of chemical substance control. More actively encourage suppliers and consignees to participate	• Conducted monitoring in accordance with applicable laws, including the revised Chemical Substances Control Law, the revised PRTR Law, and the Poisonous and Deleterious Substances Control Law • Confirmed issuance and receipt of SDSs
		Ensure safe transportation and storage of hazardous substances in corporation with consigned companies	• Ensured proper management of ledgers on the transportation and storage of poisonous and hazardous materials and high-pressure gas
Logistics management	Promote energy conservation in logistics	Establish and implement a specific energy conservation plan for transportation as a cargo owner	• Worked to improve energy consumption efficiency as a "specified consigner," defined in the Act on the Rational Use of Energy. As a result, energy consumption efficiency improved by 4% (based on annual energy consumption per ton of cargo shipped) over the past 5 years • Our total domestic cargo transportation of 1,704 thousand tons of products amounted to 160 million ton-kilometers Our energy consumption during fiscal 2012 was 2.04 kl/thousand tons (crude oil equivalent)
		Strengthen links with domestic carriers to achieve efficient transportation and analyze their efficiency	• Improved energy consumption efficiency by encouraging carriers in Japan to use larger trucks and ships and increase load efficiency
Legal compliance	Proper disposal of waste in accordance with the Waste Disposal and Public Cleaning Act	Improve employee training on the Waste Disposal and Public Cleaning Act	• Held a Waste Management Procedure Seminar led by an internal logistics department in order to provide training on basic knowledge of proper treatment of industrial waste generated in the logistics process Held in February 2012 in Tokyo (Televised in 10 locations in Japan): 280 participants Held in January–February 2013 in Tokyo and Osaka (Televised in seven locations in Japan): 173 participants • Held an industrial waste treatment procedure seminar and an on-site treatment facility inspection seminar after providing training on trends in amendments to laws and regulations, actual examples of administrative sanctions based on ordinances and other topics (see page 85)
		Implement on-site inspection and improve management systems within Group companies often disposing of waste materials. Promote information sharing with other Group companies	• Improved waste management system by conducting ISO activities to raise awareness in all departments. Shared documents and records • Conducted on-site inspections of waste disposal companies
Environmental education	Raise employees' environmental awareness	Hold seminars on environmental conservation and other programs	• Held an in-house seminar, inviting Toyoki Kozai, Professor Emeritus of Chiba University, to lecture on "Plants: the Unshakable Leading Player"
		Disseminate related information by the ISO Office (Environment & CSR Department)	• Proactively collected environment-related information from the media, organizations, corporations, and others for dissemination to employees

Environmental Objectives and Targets for Fiscal 2013 (Sumitomo Corporation)

Management Category	Objective	Fiscal 2013 Target
Environmental business	Improve the environment through business operations and expand environmental business	Promote projects to save energy and reduce greenhouse gas emissions
		Expand business utilizing renewable energy sources
		Promote business operations that help create a recycling-oriented society
Management of environmental impact	Reduce environmental impact of business operations	Monitor and reduce electricity, gas consumption, and waste emissions in all offices in Japan
		Assess environmental impact caused by business operations
		Assess and promote the reduction of environmental impact of the supply chain involved
Hazardous substance management	Comply with chemical substance regulations	Increase the level of chemical substance control. More actively encourage suppliers and consignees to participate
Logistics management	Promote energy conservation in logistics	Establish and implement a specific energy conservation plan for transportation as a cargo owner
		Strengthen links with domestic carriers to achieve efficient transportation and analyze their efficiency
Legal compliance	Proper disposal of waste in accordance with the Waste Disposal and Public Cleaning Act	Improve employee training on the Waste Disposal and Public Cleaning Act
		Implement on-site inspections and promote information sharing with other Group companies
Environmental education	Raise employees' environmental awareness	Hold seminars on environmental conservation and other programs
		Disseminate related information by the ISO Office (Environment & CSR Department)

CSR Through Business Activities

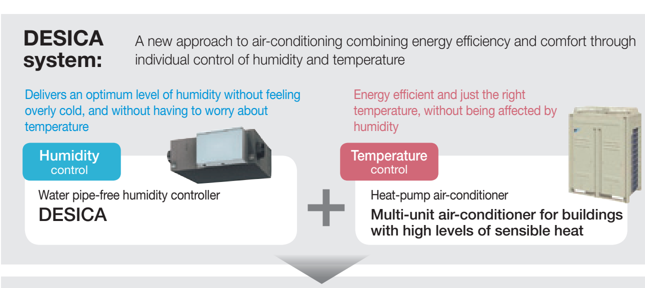
The Sumitomo Corporation Group recognizes that environmental issues are global in scale, and are long-term matters that will affect future generations. As a global organization, the Group has established an environmental policy of striving to achieve sustainable development, by way of sound business activities, aimed at symbiosis between social and economic progress and environmental preservation.

Environment-friendly Buildings

The Group owns and manages approximately 1,100,000 m^2 of owned and managed buildings (including jointly owned and sub-leased properties) mainly in central Tokyo and Osaka, but also in Sapporo, Nagoya, and Fukuoka as well as overseas. In building development, the Group's buildings come standard with air conditioning systems that achieve both energy efficiency and comfort, and also have greenery features that harmonize with the natural environment. In these and other ways, the Group strives to help preserve the environment while creating refreshing spaces for office workers.

■ Comfort and Energy Efficiency Through the DESICA Air-conditioning System

In the field of new building development, the Group, along with Nikken Sekkei Ltd., Daikin Industries, Ltd. and various experts, successfully commercialized the DESICA commercial air-conditioning system after conducting joint performance verification trials. Equipped with a dehumidifying system that can be controlled independently of air conditioning operation, the DESICA system provides far superior dehumidification capacity than conventional air-conditioning units. As a result, even if the thermostat for air conditioning is set at a high room temperature, the temperature people actually feel in the room can be effectively lowered by reducing the humidity. Conversely, in winter, humidity can be increased to achieve a warming effect even at low room temperature settings. In this way, DESICA is a next-generation technology that achieves both energy savings and comfort at the same time. While continuously upgrading the system further by confirming actual operational status and performance, we plan to install this system as a standard feature in all of the buildings to be developed by the Company in the future.



• Adjust the humidity to control wind-chill temperature. Creates a comfortable office environment while minimizing the need for excessive cooling.
• Energy efficient by limiting the temperature of rooms. Reduces annual running costs.

■ Developing Greenery in Harmony With the Natural Environment

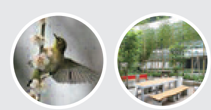
In Harumi Triton Square, Chuo-ku, Tokyo, which opened in April 2001, we planted over 600 varieties of trees and flowering plants to create a relaxing and comfortable outdoor space where seasonal flowers blooming at different times would provide year-round color and attract birds. The public square of this complex soothes the soul while at the same time reducing the heat island effect.

We are also applying the environmental expertise and technology learned from Harumi Triton Square to building development projects in Kanda, Chiyoda-ku, Tokyo, where we are focusing on urban development. Here, we are creating urban green zones with an emphasis on biodiversity. For example, we are conducting field monitoring of the flight patterns of wild birds, and using this study to change how we approach developing greenery for each building based on the surrounding ecosystem network. A "Green Network" has been planned for the surrounding natural environment, including the Imperial Palace, Ueno and Yushima in central Tokyo, to contribute to environmental conservation in those areas.

Linking Greenery

Greenification of each building for maximizing biodiversity

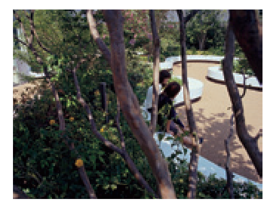
Designed to attract wild birds from the surrounding environment, wall greenification with a plant-based theme can be used in a multitude of different ways such as smoking areas surrounded by greenery, edible gardens, and others.



Review of greenification of every building with ecosystem networks

Simply planting trees will not attract birds

→ Monitoring tests and analysis of flight patterns of wild birds



The Sumitomo Corporation Yaesu Building (rooftop garden)

The Sumitomo Corporation Takebashi Building

Sumitomo Building Received the 22nd BELCA Award in the Long-life Category

The Sumitomo Building in Osaka, which is managed and operated by the Group, received the 22nd BELCA Award in the Long-life category. Now in its 22nd year, this award was established in 1991 by the Building and Equipment Long-life Cycle Association (BELCA) to promote longer building lifecycles. Completed in 1962, the Sumitomo Building celebrated its 50th anniversary last year. It received an award in the Long-life category based on high marks for proper building maintenance and management carried out over many years. In 2011, the Sumitomo Corporation Takebashi Building earned accolades for a greenery development project, winning the BELCA Award in the Best Renovation category. The most recent BELCA award is the Group's second such award.

The Sumitomo Building

Initiatives to Enhance Employee Awareness

The Sumitomo Corporation Group actively conducts awareness-raising seminars related to environmental preservation for the purpose of enhancing the environmental awareness of employees.

Seminars on Environmental Laws and Regulations

From April to May 2013, Sumitomo Corporation jointly held five seminars (Tokyo: four seminars; Osaka: one seminar) on environmental laws and regulations with another company, which were attended by around 300 people in total.

Companies must identify and comply with the specific legal requirements of the laws and regulations that apply to each of them. Trends in laws and regulations must be closely monitored at all times, because the regulatory content is constantly revised according to the times. These seminars were held in order to promote an understanding of the latest major environmental laws along with key environmental issues and trends, while reaffirming the importance of ensuring compliance at companies.

A seminar on environmental laws and regulations

Industrial Waste Treatment Procedure Seminar and On-site Treatment Facility Inspection Seminar

In November 2012, Sumitomo Corporation held a seminar aimed at providing the necessary knowledge and skills required to fulfill the Company's obligations to ensure proper waste disposal as a waste emitter. Led by an external guest lecturer, the seminar was intended for employees including those of Group companies. The classroom instruction held in the morning hours was attended by 260 people, including those taking part through televised broadcasts. The on-site inspection seminar held in the afternoon was attended by 65 people. The lecturer spoke clearly about such topics as basic knowledge of waste disposal operations, the relationships between various recycling laws and the Waste Disposal and Public Cleaning Act, the main points of on-site inspections of industrial waste intermediate treatment sites and specific methodologies, and industrial waste disposal issues that arise in the course of daily operations.

The waste treatment facility where on-site inspection training took place

Environmental Seminar on the Topic of "Plants: The Unshakeable Leading Player"

An environmental seminar for employees of Sumitomo Corporation and Group companies was held in June 2012, with guest lecturer Toyoki Kozai, Professor Emeritus of Chiba University, speaking on the topic of "Plants: the Unshakeable Leading Player." The lecture provided an easily understood overview of the idea of recycling plants as a renewable resource, and trends in the development of artificial light horticulture as a new flora production system. The seminar took the viewpoint that global issues concerning the environment, as well as food and resources, had to be resolved simultaneously and in parallel by adopting common perspectives and methodologies. This seminar was attended by approximately 100 group employees at Sumitomo Corporation's Head Office in Tokyo, and televised to approximately 30 Group officers and employees participating from seven other locations in Japan, who were mainly in charge of environmental issues.

Seminar participants said that the seminar offered them a rare glimpse into the technology and the economic and environmental advantages of flora production systems as a one-stop solution to the mutually related issues of conserving the environment, resources and food.

An environmental seminar

Environmental Performance Data

To increase the reliability of its environmental performance data, Sumitomo Corporation engaged KPMG AZSA Sustainability Co., Ltd. to provide assurance. The procedures and results of this assurance engagement are included in this report.

›› Please refer to page 100 “Independent Assurance Report” for further details about assurance engagement.

* Data for electricity consumption, CO_2 emissions (offices), waste emissions, and water consumption at head office, regional business units, offices and branch offices in fiscal 2010 and 2011 includes data from some Group companies.
* Previous years' data for electricity consumption, CO_2 emissions (offices), waste emissions, water consumption, and office paper consumption have been revised to reflect a revision of the scope for data collection in line with actual management status.
* Numbers of offices and companies are as of March 31, 2013.

Electricity Consumption

Consumption (1,000 kWh)		Number of offices/ companies	Fiscal 2010	Fiscal 2011	Fiscal 2012
Japan	Head office, regional business units, offices and branch offices	9	10,744	8,638	8,093
	Group companies	70	494,243	457,917	459,526
Overseas	Branches	12	151	163	165
	Group companies	77	109,602	153,764	160,748

* Sumitomo Corporation has set a target of reducing electricity consumption by 1% annually for its head office, regional business units, offices and branch offices.

CO_2 Emissions (Offices)

Emissions (t-CO_2)		Number of offices/ companies	Fiscal 2010	Fiscal 2011	Fiscal 2012
Japan	Head office, regional business units, offices and branch offices	9	4,554	4,692	4,646
	CO_2 emission per floor space (t-CO_2/thousand m^2)		56.75	58.50	60.44
	(Change from previous year)		(–12.6%)	(3.1%)	(3.3%)
	Group companies	70	162,807	201,454	208,132
Overseas	Branches	12	48	70	71
	Group companies	77	34,642	65,965	70,890

* For the breakdown of CO_2 emissions for the head office, regional business units, offices and branch offices, Scope 1 is 225 tons and Scope 2 is 4,421 tons.
* The above figures indicate total amounts of CO_2 emissions stemming from use of electricity, utility gas and district heat (cooling/heating water), which are calculated using the following factors:

CO_2 emission factors	Fiscal 2010	Fiscal 2011	Fiscal 2012
Electricity (kg-CO_2/kWh)	0.316	0.429	0.441
Utility gas adjusted based on standard heat value (t-CO_2/thousand m^3)	2.234	2.234	2.234
Heat (head office) (t-CO_2/GJ)	0.033	0.034	0.041
Heat (other than head office) (t-CO_2/GJ)	0.057	0.057	0.057

CO_2 Emissions (Logistics, commuting and overseas business trips)

Emissions (t-CO_2)			Fiscal 2010	Fiscal 2011	Fiscal 2012
Japan	Head office, regional business units, offices and branch offices	Logistics	13,400	10,519	9,379
	Head office	Commuting	753	740	821
	Head office	Overseas business trips	8,692	10,060	12,044

* CO_2 emissions from logistics are for cargoes in Japan where Sumitomo Corporation is the cargo owner according to the Act Concerning Rational Use of Energy.
* The emissions coefficients for CO_2 emissions from commuting and overseas business trips were taken from the CO_2 emissions per person-kilometer for each mode of transport when transporting travelers, as recorded in the Ministry of Land, Infrastructure, Transport and Tourism publication “CO_2 Emissions in the Transport Sector.”
* Calculations for the CO_2 emissions due to overseas business trips include only flights departing and arriving in Japan. Business trip destinations are classified into six areas and a representative airport for each area is used to estimate the flight distance.
* Following a revision of the method for data collection, previous years' figures for CO_2 emissions due to overseas business trips have been revised.

Waste Emissions (General and industrial waste stemming from operation)

Emissions (tons)		Number of offices/ companies	Fiscal 2010	Fiscal 2011	Fiscal 2012
Japan	Head office, regional business units, offices and branch offices	8	1,090	1,917	1,302
	Of the above, general waste emissions stemming from operation (tons)	8	586	559	542
	Group companies	67	59,656	59,193	56,742
Overseas	Group companies	37	10,810	14,541	14,527

* Fiscal 2013 targets of Sumitomo Corporation head office, regional business units, offices and branch offices are set at 537 tons for general waste emissions from operations. Assuming a 92% recycling rate, 43 tons of waste would be sent to landfill.

Water Consumption

Consumption (m^3)		Number of offices/ companies	Fiscal 2010	Fiscal 2011	Fiscal 2012
Japan	Head office, regional business units, offices and branch offices	3	51,387	49,145	45,579
	Group companies	31	2,228,701	2,231,708	2,386,123
Overseas	Branches	9	5,976	5,405	5,507
	Group companies	56	468,285	552,405	548,174

* Head office data is for the main building.

Office Paper Consumption

Sheets purchased (1,000 sheets)		Number of offices/ companies	Fiscal 2010	Fiscal 2011	Fiscal 2012
Japan	Head office, regional business units, offices and branch offices	9	41,425	34,579	34,350
	Group companies	54	155,016	144,955	142,494

* Calculated from purchase amounts and unit prices of A4 paper.
* This item is not subject to assurance engagement.

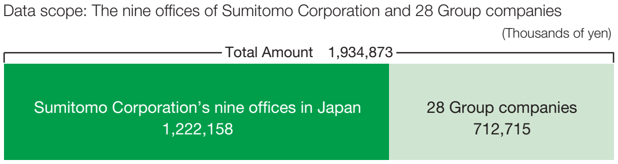
Environmental Accounting

Environmental Accounting for Fiscal 2012

(Thousands of yen)

Environmental conservation costs		Costs	Main benefits
(1) Business area cost	Pollution prevention cost	3,335	Environmental conservation
	Global environment conservation cost	531,615	
	Resource circulation cost	67,030	
	Subtotal	601,979	
(2) Upstream and downstream cost	Extra costs of green purchasing	203	Energy saving, resource saving, and waste reduction
	Additional cost for reducing the environmental impact of containers and packaging	217,021	
	Costs for the collection, recycling, resale, and proper disposal of used products	0	
	Subtotal	217,224	
(3) Administration cost	Cost for the implementation and maintenance of an environmental management system	399,020	ISO 14001 Environmental communication Environmental training
	Cost for disclosure of environmental information and environmental advertising	33,096	
	Cost for environmental training of employees	20,886	
	Cost for environmental improvement measures	2,320	
	Subtotal	455,323	
(4) R&D cost	R&D costs to develop products that contribute to environmental conservation	622,987	Environmental business
	R&D costs to develop methods and technologies that can reduce environmental impact caused during the manufacturing process	4,550	
	Subtotal	627,537	
(5) Social activity cost	Cost for environmental improvement activities in areas other than Group premises and their surroundings	6,704	Cooperation with NGOs and NPOs
	Cost related to donation or financial support of environmental groups	22,936	
	Cost related to donation or financial support of local organizations	2,700	
	Subtotal	32,340	
(6) Environmental remediation cost	Cost to restore the natural environment back to its original state	470	Restoring the natural environment back to its original state
	Subtotal	470	
Total		1,934,873	

Data scope: The nine offices of Sumitomo Corporation and 28 Group companies



Data compilation: April 2012 to March 2013

Environmental Conservation and Economic Benefits

The environmental conservation and economic benefits of the consumption of electricity, paper and water in fiscal 2012 were as follows.

	Environmental conservation benefits	Economic benefits
Electricity consumption*	545 MWh	10,355 thousand yen
Paper consumption*	229 thousand sheets	181 thousand yen
Water consumption**	3,566 m^3	1,643 thousand yen

Environmental conservation and economic benefits are represented by a reduction from the previous year.
Data scope: Items marked with * are for the nine offices of Sumitomo Corporation in Japan; the item marked with ** is for the three offices in Tokyo, Osaka and Nagoya.

Environmental Liabilities Identified

At the Sumitomo Corporation Group, environmental risks associated with land, buildings and other tangible fixed assets of Sumitomo Corporation and Group companies are identified and monitored using the ISO 14001 multi-site management methods, focusing on asbestos, PCB and soil contamination. The Company endeavors to apply the data obtained as information useful for management in making decisions. Also, the obtained and relevant information is included in related in-house seminars and training programs, in order to facilitate the sharing of relevant information within the Group.

Please refer to the following website for further details about our initiatives.
http://www.sumitomocorp.co.jp/english/csr/environment/

Social Initiatives

Together With Employees

Sumitomo Corporation is working strategically to recruit, develop and utilize people—our most valuable business resource.

The Sumitomo Corporation Group is actively pursuing human resource policies for strategic and well-planned recruitment, development, and utilization of human resources who can understand and practice the Group's Management Principles and Activity Guidelines in order to contribute broadly to society and continue creating new value over the medium and long term.

Human Resource Management Policy

Aiming to "Be the Best, Be the One"

Effective recruitment, development and utilization of globally competitive human resources are the most important issues for the Sumitomo Corporation Group to survive the current ever-changing business environment and achieve sustainable growth. Our concern is how we can ensure that each of our employees—our most important assets—will exercise their full potential in line with the business strategy of their respective business units and based on the Group's Management Principles and Activity Guidelines.

For this reason, we are making continuous efforts towards training and fostering new employees on a company-wide basis, dissemination of Sumitomo's Business Philosophy—the basis of the Management Principles—and developing human resources. We use a combination of on-the-job training and off-the-job training to promote effective development of human resources, with the former based on job rotations and the latter reflecting the characteristics of each business.

Under the medium-term management plan "Be the Best, Be the One 2014," we are reinforcing human resource development with an emphasis on wide-ranging frontline experience, while promoting human resource development and utilization on a global basis. These efforts are guided by our basic policy of "What We Aim to Be in Fiscal 2019, Our Centennial Year."

Vision of the Human Resources We Seek

Human resource development will play an essential role in realizing our vision for the Company in its centennial year in 2019.

In developing a vision of the human resources we seek to build our foundation for the next 100 years, we are promoting the following three factors, starting with the necessary qualities, action, and abilities:

1. **People with spirit and a lofty sense of ethics**
2. **People who accept diverse values but think for themselves and act on their own initiative**
3. **People who can create new businesses themselves without being constrained by existing frameworks**

This vision of human resources has been determined on the basis of the value standards defined by the Management Principles and Activity Guidelines of the Sumitomo Corporation Group as well as in light of the nine core behaviors of the SC VALUES, which all employees are expected to share and practice.

Sumitomo Corporation is seeking human resources who have clear vision and strong commitment, as well as demonstrate leadership at their respective levels of the organization, through the practice of the SC VALUES. We also seek professionals who can take responsibility for what they do, display a broad spectrum of knowledge and high-level expertise in a particular area and achieve superior performance.

SC VALUES

1. **Integrity and Sound Management**
   To comply with laws and regulations, while maintaining the highest ethical standards.
2. **Integrated Corporate Strength**
   To create no boundaries within the organization; always to act with a company-wide perspective.
3. **Vision**
   To create a clear vision of the future, and to communicate to share it within the organization.
4. **Change and Innovation**
   To accept and integrate diversity in values and behavior, and to embrace change as an opportunity for action.
5. **Commitment**
   To initiate, own, and achieve organizational objectives.
6. **Enthusiasm**
   To act with enthusiasm and confidence, and to motivate others through such action.
7. **Speed**
   To make quick decisions and act promptly.
8. **Human Development**
   To fully support the development of others' potential.
9. **Professionalism**
   To achieve and maintain high levels of expertise and skills.

Recruitment: Recruitment Policy With Respect for Basic Human Rights

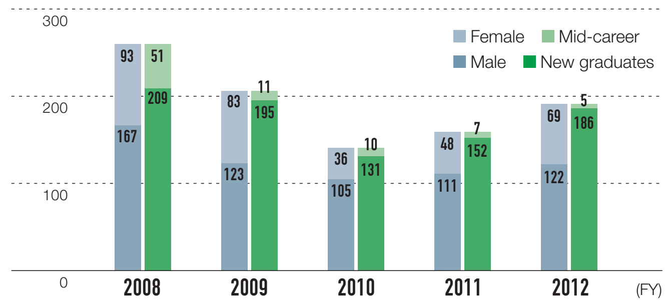
Recruiting Diverse Human Resources Who Are Able and Eager to Work in the Global Business Arena

As a global business operator, we look for talented people who are able and eager to work in the global business arena. To this end, we conduct fair recruitment activities with respect for basic human rights and with no discrimination. Specifically, we apply the same screening process to all employee candidates, irrespective of their gender, academic background, or nationality, and our selection criteria consist only of applicants' aptitudes and abilities.

In addition to new graduates, we recruit mid-career employees on an ongoing basis, since attracting talented people who can deliver results from day one forms part of our human resource strategy. We also welcome many employees with disabilities: as of April 1, 2013, employees with disabilities represented 2.03% of our workforce, a higher percentage than the statutorily required level of 2.00%.

Number of New Employees and Breakdown

(Units: People)



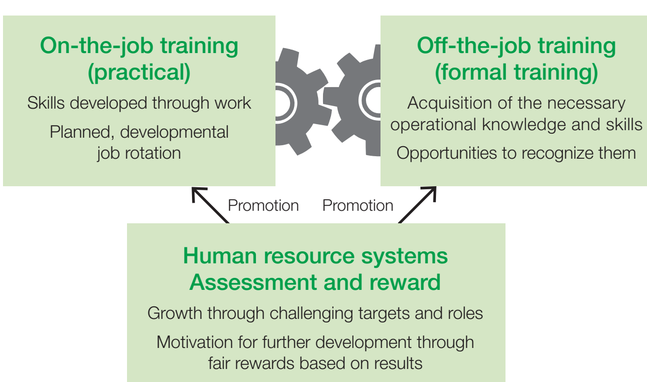
*Total number of new graduates and mid-career workers employees for key career track positions and clerical positions

Human Resource Development: Strengthening Human Resource Development With an Emphasis on Diverse Frontline Experience

Strategic and Well-planned Human Resource Development

At Sumitomo Corporation, human resources are developed using a combination of on- and off- the job-training to achieve the characteristics of the "Human Resources We Seek." These two approaches are promoted by human resource systems. The first 10 years are positioned as a period for fostering resources into Sumitomo Corporation professionals, with employees acquiring basic skills and general knowledge of trading company business through well-planned job rotations.

Concept Diagram of Development of "The Human Resources We Seek"



Introduction of Company-wide Guidelines on Job Rotations

At Sumitomo Corporation, company-wide guidelines on job rotations have been introduced, calling for employees to participate in three different job assignments in their first 10 years of employment, including one overseas assignment.

This allows employees to experience working in a diverse range of environments, including cross cultural environments, at an early stage through job rotations; and to meet, work with, and receive input and opinions from many people in diverse locations in Japan and overseas. Through these experiences, employees are expected to become "people who accept diverse values but think for themselves and act on their own initiative" as well as "people who can create new businesses themselves without being constrained by existing frameworks."

Extension of the Human Resource Development Fund and Introduction of a Global Internship Program

At Sumitomo Corporation, the Human Resource Development Fund, established in fiscal 2010, helps promote strategic and well-planned human resource development at each business unit and division by financially supporting a system for the overseas training of trainees (including those who engage in language or overseas studies) and employees participating in the overseas executive training program.

We have also introduced a Global Internship Program in fiscal 2013. The main purpose of the program is to have employees develop a global mindset through business experience abroad, particularly in emerging markets that have not received many trainees until now, and acquire grounding in the local languages of emerging countries.

A program making use of the Human Resource Development Fund

300 Programs Offered Annually to Support Off-the-job Training for Strategic and Well-planned HR Development

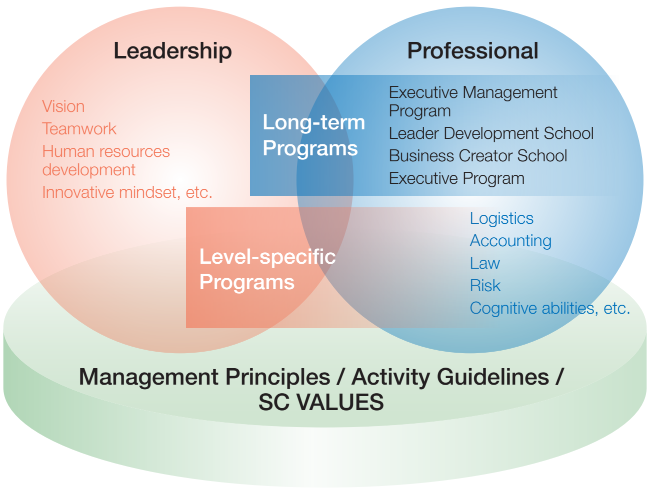
Sumisho Business College (SBC) offers about 300 programs per year that are designed to nurture the human resources we seek to achieve our vision, with a focus on three areas: 1) Management Principles, Activity Guidelines and SC VALUES, 2) Leadership, and 3) Professional. In fiscal 2012, 10,619 trainees attended the programs (from Sumitomo Corporation alone).

Through a variety of training programs provided by SBC, we offer systematic leadership development, as well as instruction in common basic business knowledge and skills required to work in the trading industry. Various other programs include advanced specific knowledge and skills necessary for investment, business management, and business creation/innovation.

One of the programs, which has been conducted since fiscal 2006, is the visit to the Besshi Copper Mine, the starting point of the Sumitomo Corporation Group. The main objective of this training is to give leaders of organizations of the Group an opportunity to experience and assimilate Sumitomo's Business Philosophy, the basis of the Group's Management Principles, and to ensure that the business philosophy is passed on to younger employees.

We promote an active stance on growth opportunities as "something to be taken by oneself" rather than "something to be given." Based on this concept, we continue our best efforts to improve SBC as a system that supports our prime talent who are able to think and act on their own to deliver results, and eventually contribute broadly to society through business.

Overview of Sumisho Business College (SBC)



Human Resource Development: Promoting Human Resource Development Measures Globally

Stratified Program for Locally Hired Employees Overseas

The Sumitomo Corporation Group is also working hard to deploy and develop locally hired employees in its overseas offices and Group companies in order to recruit and develop personnel who can play a leading role in global business operations.

As part of these efforts, we conduct training programs for locally hired employees at different career levels (staff in charge, managers and senior executives). At the training programs, nearly 300 participants each year from all over the world come to the Head Office in Tokyo to share the corporate DNA that the Sumitomo Corporation Group is made up of and strengthen their sense of unity as a member of the Group through reaffirming their understanding of Sumitomo's Business Philosophy and Management Principles of the Group. In addition, they share information on the Group's management policies and strategies, and improve their skills by attending various lectures. The training programs also offer joint workshops in which Head Office employees also participate.

Training for locally hired employees overseas

Enhancing Global Human Resource Strategies

From fiscal 2013, we reorganized our overseas offices into four broad regions. Under this new system, we are promoting development and utilization of local human resources by organizations in each region. Specific measures include rotation of locally recruited staff within each region, and assigning staff from overseas offices and Group companies to important positions. In tandem, we are promoting global human resource development and utilization by providing support from Tokyo Head Office to regional organizations with recruitment, establishing training systems, and other aspects.

Overseas Employees by Region (as of March 31, 2013)

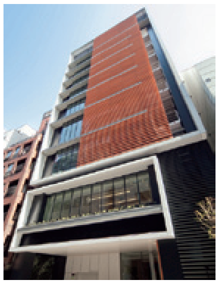
(Units: People)

	Locally hired employees	Hired by Head Office	Total
China	478	71	549
Asia	933	162	1,095
Middle East	232	41	273
Europe	347	107	454
Africa	67	12	79
North America	286	125	411
South and Central America	215	31	246
Oceania	61	20	81
Total	2,619	569	3,188

* Employees temporarily assigned to Group companies are not included in the above figures.

Strengthening Globally Oriented Human Resource Development: the Sumitomo Corporation Global HRD Center

We opened the Sumitomo Corporation Global HRD Center in Ginza, Chuo-ku, Tokyo, in April 2012 to serve as a training center to develop global talent and as a strategic multi-purpose facility. The training center is fully utilized to promote our global human resource development and diverse human resource activities, as well as to provide a multi-purpose, versatile space used to assist Head Office functions. In this facility, global colleagues from around the world, irrespective of organization or country, meet for intensive discussions on the future visions and strategies of the Sumitomo Corporation Group. In fiscal 2012, the facility was used by a total of 9,364 people from throughout the Group.



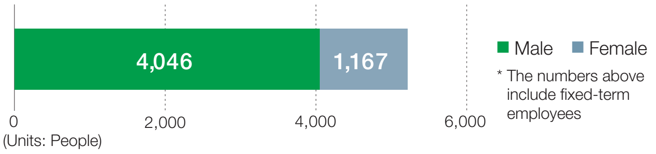
Sumitomo Corporation Global HRD Center

■ Utilization of Human Resources: Promoting Diverse Human Resource Activity

Cultivating a Workplace Culture With Respect for Diversity

As the needs of workers have become increasingly diversified across society, Sumitomo Corporation has been quick to respond, addressing the issue of long overtime hours by promoting work-life balance, and striving to respond to various social needs, such as encouraging more active involvement of female employees in business, extending the employment period, and deploying non-Japanese national employees. We are implementing a variety of initiatives to cultivate a culture at the workplace that respects the diversity of human resources so that this diverse talent can capitalize on their different backgrounds to create new value and achievements in their respective fields, thus contributing to the sustainable growth of the Group.

Ratios of Male and Female Employees in Sumitomo Corporation (As of March 31, 2013)



Average Employee Turnover Rate in Fiscal 2012

3.29%	Number of employees who left the company in fiscal 2012:	176
	Total number of employees as of April 1, 2012:	5,347

Promoting Work-Life Balance Programs and Measures

In April 2005, Sumitomo Corporation established the SCG Counseling Center, to promote mental health care for Group employees. At the same time, we organized a Company-wide Work-Life Balance (WLB) Promotion Project Team. Later, the Triton Sukusuku Square in-house daycare center was established to provide child-care services for Sumitomo Corporation Group employees. These are just some of the measures that we have introduced, along with various related systems such as spouse maternity leave. The best way to achieve a good work-life balance differs for each person, depending on their values and lifestyle. Sumitomo Corporation believes that workers who are fulfilled in both their professional and private lives find more energy and motivation, leading them to create new value. Moreover, in order to promote vibrant, positive working environments, we communicate actively with the employees' union, to which the majority of employees belong (53.2% as of March 31, 2013), to enable us to reflect employees' opinions as we formulate and implement measures.

Usage of Various Systems (Fiscal 2012)

System	Number of users
Spouse's maternity leave	76
Leave to look after a sick child	107
Child-care leave*	25

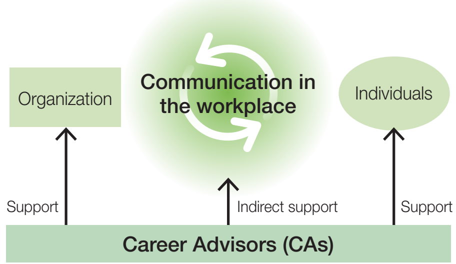
* 100% of female employees who gave birth during the fiscal year used this system

Providing Opportunities for Young Employees to Develop Their Careers as Well as for Senior Employees to Make the Most of Their Experience

Sumitomo Corporation has a Career Advisor Program in place to provide opportunities for young employees to develop their careers and for senior employees to make the most of their experience. In this program, senior employees with abundant experience in their respective careers are chosen and designated as career advisors (CAs) for each division to support employee career development.

These CAs have three major roles to play: they provide support and advice to individuals (staff) and management in their organization (their managers), and act as a communication bridge between individuals and the organization. The CAs thus support the career development of each employee and creation of a good work environment in which employees can exercise their capabilities and personalities to the maximum extent.

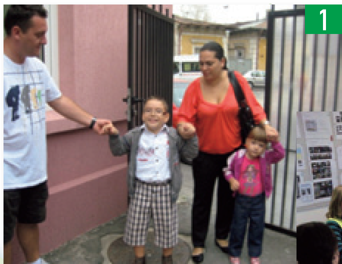
Career Advisor System Overview



Please refer to the following website for further details about our initiatives.
http://www.sumitomocorp.co.jp/english/company/talent/

Social Contribution Activities

The Sumitomo Corporation Group, as a global organization, conducts various social contribution activities in many countries and regions around the world while working to further strengthen its relationships with local stakeholders in consideration of the unique social conditions of each community.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IN EUROPE · CIS · MIDDLE EAST AND AFRICA

- Support for the activities of Shakespeare's Globe Theatre in contributing to the development of dramatic art and culture in local communities (UK)
- Donation to Centrepoint, a group supporting young homeless people (UK)
- Donation of operating funds and uniforms to local soccer teams (France)
- Co-sponsor of Japan Foundation's *Nihon no Aki* (Japanese Autumn) program for introducing Japanese culture (Russia)
- Co-sponsor of Japanese speech contests (Russia, Ukraine, Kazakhstan)
- Support for AURORA CENTER, a local NGO developing operations supporting school attendance by children with disabilities (Romania) 1
- Company visits by local university students (Czech Republic) 2
- Support for the construction of an education and training facility at Qatar University (Qatar)
- Support for demining activities (Angola)
- Support for the operation of organizations providing IT education to unemployed individuals with disabilities (South Africa) 3
- Support for the introduction of mobile libraries (South Africa) 4
- Support for infrastructure and health care improvements of local communities as part of the Ambatovy Nickel project (Madagascar)

IN JAPAN

- Implementation of the Sumitomo Corporation Youth Challenge Program for the Revitalization of East Japan in support of young people working to help affected areas recover from the Great East Japan Earthquake 5 (see pages 96–97)
- Support for the Junior Philharmonic Orchestra 6
- Promotion of "barrier-free" movies 7 (see page 98)
- Hosting a company training and providing a homestay for university students from China
- Acceptance of corporate internship by the Japan Ground Self-Defense Force's College Staff
- Cooperation with projects providing support for the employment of individuals with disabilities
- Participation in the Pink-ribbon Movement for the eradication of breast cancer
- Organizing events for local residents hosted by commercial complexes of the Sumitomo Corporation Group 8
- Support for TABLE FOR TWO activities
- Cooperation with Japanese Red Cross Society blood donation campaigns
- Support for environmental NPOs and NGOs through donations to the Keidanren Nature Conservation Fund and World Wide Fund for Nature (WWF)

The Sumitomo Corporation Group's Basic Principles on Social Contribution Activities

OBJECTIVE

We, as a global organization, will work on social issues through our business activities and social contribution activities with the aim of building a sustainable society by implementing the Sumitomo Corporation Group's Management Principles and Activity Guidelines.

ACTIVITIES

We will engage in social contribution activities aimed at developing the next generation of human resources who will drive the sustainable development of society, and contributing to local communities in areas we do business all over the world. We will also take part in various activities as a good corporate citizen.

APPROACH

We will perform and seek to continuously improve our activities with modesty and high aspirations and endeavor to maintain a high level of transparency while strengthening our relationships with all our stakeholders.

IN ASIA · OCEANIA

- Sumitomo Corporation Scholarship to help university students in Asia (various Asian countries) (see pages 94–95)
- Internship programs, work experience programs, and office tours for students (various Asian countries)
- Courses bearing the Sumitomo Corporation name at Tsinghua University (Beijing) and Nankai University (Tianjin) in China, and National Economics University and Foreign Trade University in Hanoi, Vietnam (see page 98)
- Educational assistance for students in poverty-stricken areas in Anhui, Guangdong and Yunnan provinces (China) 9
- Donation of uniforms and school supplies to elementary school children (Myanmar) 10
- Support for educational and health care improvements in local communities as part of the Tanjung Jati B coal fired power plant project and the Batu Hijau Mine (copper, gold) business (Indonesia)
- Japanese language education and culture learning for junior high school students (Vietnam) (see page 98)
- Support for educational and infrastructure improvements in local communities as part of overseas industrial park development projects (Vietnam, the Philippines, Indonesia) 11
- Donation of pharmaceuticals and medical equipment to local medical institutions (the Philippines) 12
- Donation of wheelchairs, learning materials and playground equipment to orphanages for children with disabilities (Thailand) 13
- Provision of food for underprivileged children in orphanages (India)

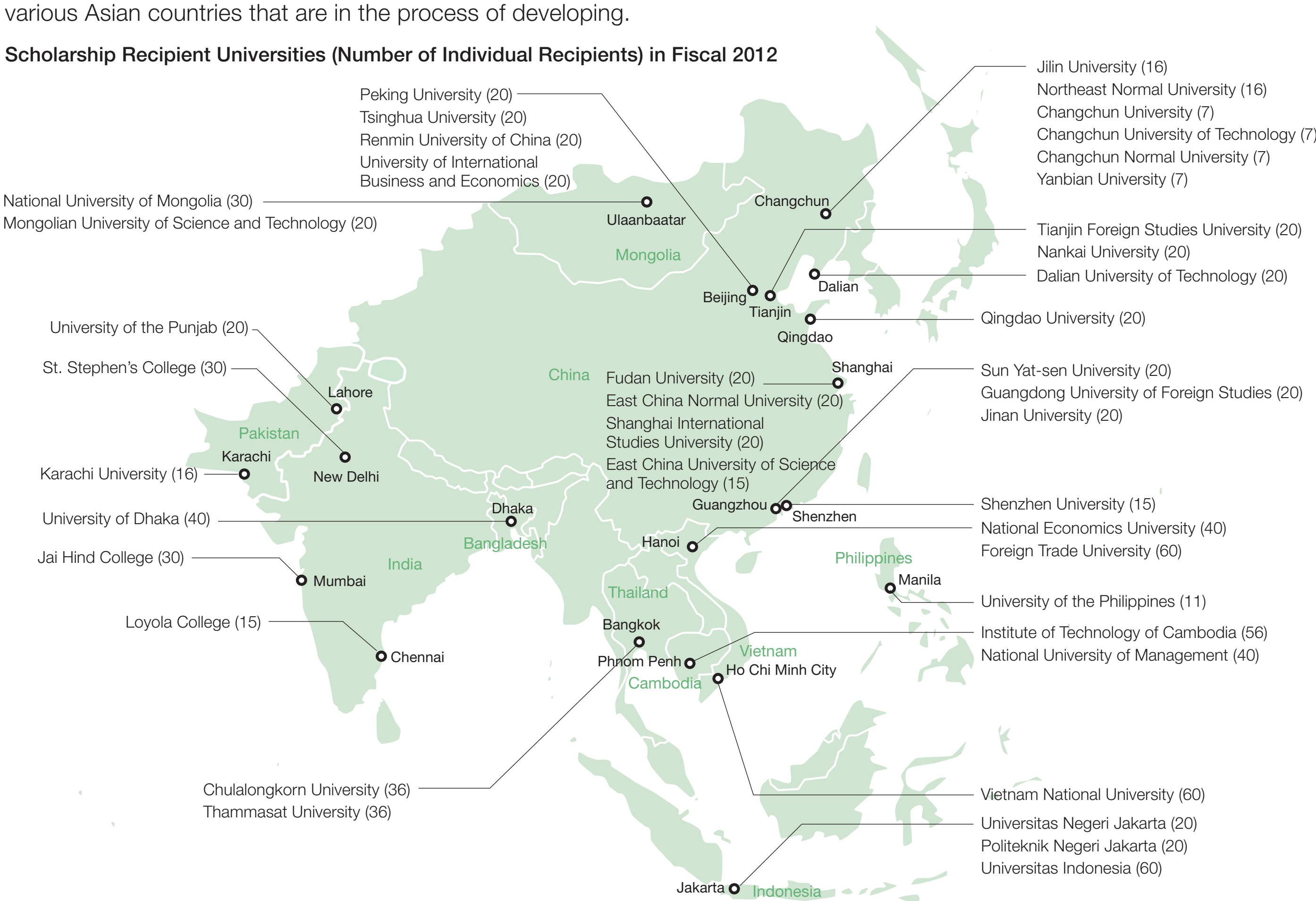
IN AMERICAS

- Support for the Center on Japanese Economy and Business, Columbia Business School (US)
- Support for organizing Japan Day, an event to showcase Japanese culture (US) 14
- Support for art museums such as the Metropolitan Museum of Art and the Museum of Modern Art (MoMA) (US)
- Support for efforts to develop a cure for leukemia, Alzheimer's, and other diseases (US)
- Donation of funds to support areas affected by catastrophic hurricane Sandy (US)
- Support for The First Tee of Columbia Basin, a youth development program for children and teens ages 5 to 18, providing educational programs and life-enhancing values through the game of golf (US)
- Support for the Great Mid-Columbia Duck Race held in Pasco, Washington (Model ducks are floated down a river towards a goal) (US)
- Donation to the University of Alaska Fairbanks's Mining Engineering Research Endowment Fund in connection with the Pogo Gold Mine project (US)
- Collection within a Group company for donating funds to the Children's Miracle Network, an organization supporting children's hospitals in various regions (Canada) 15
- Support for redeveloping greenery surrounding local general hospitals (Mexico) 16
- Support for educational and infrastructure improvements in local communities as part of the San Cristobal Mine (silver, zinc, lead) business (Bolivia)
- Donation of Christmas cakes, school supplies and playground equipment to villages and elementary schools in close vicinity to company-owned forests, and co-sponsorship of local youth soccer teams (Chile)
- Support for local cultural activities and sports events (Brazil) 17

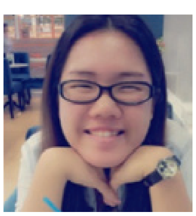
Developing the Next Generation of Human Resources: Sumitomo Corporation Scholarship

Sumitomo Corporation by offering scholarships provides support in nurturing the next generation of human resources in various Asian countries that are in the process of developing.

Scholarship Recipient Universities (Number of Individual Recipients) in Fiscal 2012



Voices of Scholarship Students

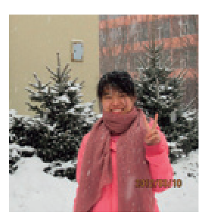


Thitiporn Tongthipcharoen
Chulalongkorn University (Thailand)

"I want to help people in need in Thailand."

I believe that great people make a country great and that the key to making great people is education. Thanks to the Sumitomo Corporation Scholarship, I had the opportunity to further my education and expand my view of society. However, when I participated in the volunteer camps of Chulalongkorn University in several remote areas of Thailand, I realized that many children were not receiving a proper education for economic reasons.

I want to do my best devoting myself to helping other people in need, in the hope that they too will also have a chance to fulfill their dreams, in the same way that Sumitomo Corporation helped to grant my wish.



Zhong Yongjie
Northeast Normal University (China)

"I want to devote myself to friendship between China and Japan."

I believe I made a great life choice by enrolling in Japanese language studies. I gained my first exposure to a different culture by learning Japanese. This enabled me to obtain a clearer view of commonalities and differences between Japanese and Chinese culture, as well as my own existence.

The scholarship that I received serves as a recognition of my efforts so far, and has been a great encouragement to me. I will work even harder in the days to come to be indispensable to society and to do what I can to foster good relations between China and Japan, so as to live up to expectations.

In 1996, we established the Sumitomo Corporation Scholarship as part of our 50th anniversary in the trading business. The program was born from our desire to offer support in nurturing the next generation of future leaders for advancement of countries in Asia. We have expanded the program in stages to cover more regions and universities in keeping with the needs of various countries, regions, and universities. In fiscal 2013, scholarships were granted to about 1,000 students at 41 universities in 10 countries. Since 1996, we have awarded scholarships to approximately 13,000 students. These individuals who completed their studies with the assistance of our scholarships are now actively engaged in a variety of fields in each country. The Sumitomo Corporation Scholarship program is operated in close cooperation with our business bases (overseas subsidiaries and offices) in the covered countries, capitalizing on our extensive global operating network. We will continue these activities, striving to make program advances attuned to national and regional characteristics.

■ Activity Report

Scholarship Awards Ceremonies Encourage Students Around the World

In Mongolia, we awarded scholarships to a total of 50 students from the National University of Mongolia and the Mongolian University of Science and Technology in April 2013. At an award ceremony, a university president expressed his gratitude, saying that Japan offers an array of assistance to Mongolia and that this type of human resource development support is also extremely helpful. A student representative also delivered a powerful message in her speech, expressing appreciation for the assistance provided to students along with the support tied to national development.

While scholarship award ceremonies take many forms with sponsorship by universities and Sumitomo Corporation, they are held every year in various regions providing opportunities for exchange with students. By introducing our global business operations, we are working to encourage a worldwide perspective and deepen understanding of Japan. Seeing how eager the students are to have the opportunity to advance their studies also boosts the motivation of locally hired employees around the world.

A scholarship award ceremony at the National University of Mongolia

Work Experience Programs Provide Exchange With Students

In China, scholarship operations led to the implementation of a short-term work experience program inspired by a CSR person in charge at Sumitomo Corporation (China) Holding Ltd. In fiscal 2012, 32 university juniors and seniors participated in the work experience program at Sumitomo Corporation (Guangzhou) Ltd. Employees served as instructors, offering lectures on the company's IT, logistics, tax, and human resource operations. The program also involved risk management drills and case studies of actual trading activities leveraging these skills, as well as on-site visits to Group companies. Students who attended the extensive three-day program gave it rave reviews. Students from differing fields of study inspired each other, expanding their horizons. There were also students who said their experience will be of help in contemplating their future course. We are also considering expanding the program to include sophomores in the future.

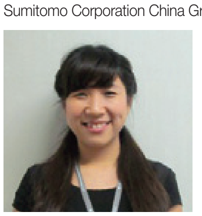
A work experience program at Sumitomo Corporation (Guangzhou) Ltd.

Voices of Locally Hired Employees

Zhao Jun
General Affairs, Corporate Communications & CSR Dept.
Sumitomo Corporation China Group

"The scholarships are making a difference."

When a Group officer met with a government official, this individual apparently expressed his great fondness and appreciation for Sumitomo Corporation, having received a Sumitomo Corporation Scholarship when he was in school. Knowing that this scholarship recipient is playing an active role in society really impressed upon us that our scholarships are making a difference.



Tran Thi Tuyet Trinh
Administration Department
Sumitomo Corporation Vietnam LLC

"I will do my best to make the Sumitomo Corporation Scholarship more meaningful."

The Sumitomo Corporation Scholarship can help students reduce the financial burden on their families and also make them proud and motivated because their efforts are recognized by society. I was very pleased to hear that the scholarship students are interested in the culture and mindset of the Japanese, and desire to contribute to friendship between Vietnam and Japan. I will therefore do my best to make the Sumitomo Corporation Scholarship more meaningful to the students who will shape the future of Vietnam.

Voice of a University Official

Mr. Jiban K Mishra
Director of Planning and Development
University of Dhaka (Bangladesh)

"We are proud to be a part of the Sumitomo Corporation's social contribution program."

The University of Dhaka, Bangladesh, is grateful to Sumitomo Corporation for granting scholarships to 160 of our meritorious students since 1997. The Sumitomo Corporation Scholarship is considered most prestigious among our students, and the recipients all feel privileged and honored. The scholarship helps students to be more attentive to their studies and encourages them towards achieving higher credentials. As an old and leading university of Bangladesh, we are proud to be a part of the Sumitomo Corporation's social contribution program. We sincerely hope that the program will help the scholarship students further their understanding of Sumitomo Corporation and Japan, and lead to strengthening of the bond between our two countries. One day these brilliant students will become leaders of our country in their respective fields and contribute greatly to the development of Asia. We hope that our relationship with Sumitomo Corporation will continue forever.

Developing the Next Generation of Human Resources: Sumitomo Corporation Youth Challenge Program for the Revitalization of East Japan

The Sumitomo Corporation Youth Challenge Program for the Revitalization of East Japan supports the revitalization of regions and the rebuilding of the daily lives of those affected by the Great East Japan Earthquake. The five-year program that began in fiscal 2012 is part of our policy of providing long-term assistance for recovery.

Program Overview

Over two years have passed since the Great East Japan Earthquake. While there are concerns that people's memories of the disaster will erode with time, a large number of people are still working to help get the affected regions back on their feet.

Since right after the earthquake struck, the fundamental policy of Sumitomo Corporation has been to provide long-term assistance for recovery. We began by providing donations and emergency aid supplies, and dispatching employees to offer assistance in affected regions through our volunteer program for earthquake disaster reconstruction. We have followed up with support matching the affected regions' changing needs over time. In fiscal 2012, we kicked off the Sumitomo Corporation Youth Challenge Program for the Revitalization of East Japan. Through this five-year independent program of ours, we are backing up regional revitalization initiatives by the young generation* so as to support recovery in the affected areas and develop the next generation of human resources.

* The young generation in our program refers to youth in their late teens to twenties who are mainly university and graduate students.

The program has two parts. The activity and research subsidy supports youth-led activities and research targeting the revitalization of regions and the rebuilding of daily lives for those affected by the disaster. The internship program supports long-term internships for youth at NPOs and other organizations active in the affected regions.

Through the activity and research subsidy, we have supported the activities of 34 organizations in fiscal 2012 and are assisting 48 organizations in fiscal 2013. We not only simply offer financial aid, but also hold the Sumitomo Corporation Youth Challenge Forum in the middle of the fiscal year. At the forum, all of the organizations present interim reports on their activities. This provides the organizations with an opportunity to spread the word about their work, gain new insights through information sharing that they can utilize in future activities, and forge networks amongst themselves. The forum also includes a symposium bringing experts in relevant fields into the mix.

Turning to the internship program, seven students gained nine months of experience serving at six groups in Miyagi Prefecture in fiscal 2012. While the interns were active in different ways and places, they all successfully served out their terms, exchanging information through blogs participants set up and networking events, and learning through trial and error along the way. We received feedback from individuals completing the program such as "I learned the importance of putting ideas into action" and "Being personally affected by the earthquake, taking part in activities has enabled me to move forward." Seeing how much these young men and women have grown through the program really brought home to us its significance.

In fiscal 2013, we are supporting the internship activities of 19 students at 12 groups in Miyagi and Fukushima prefectures. The needs of affected regions will continue to change as time passes, but we will keep believing in the power of youth to take on challenges and provide long-term assistance for their growth and recovery of the affected areas.

Activity and Research Subsidy

Category	Fiscal 2012		Fiscal 2013	
	Subsidized groups	Subsidy (Thousands of yen)	Subsidized groups	Subsidy (Thousands of yen)
Course A	22	10,570	23	10,730
Course B (new)	12	29,490	16	41,320
Course B (continued)	–	–	9	26,120
Total	34	40,060	48	78,170

* Course A: Activity and research conducted discretionally by youth teams, circles and groups
Course B: Activity and research organized primarily by NPOs and universities and initiated mainly by the youth

Internship Program

Prefecture	Fiscal 2012		Fiscal 2013	
	Sponsor groups	Interns	Sponsor groups	Interns
Miyagi	6	7	8	13
Fukushima	–	–	4	6
Total	6	7	12	19
Subsidy	Approx. ¥5 million		¥10–15 million (planned)	

Message From the Selection Committee Chairman

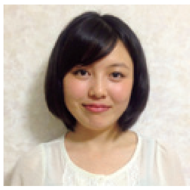
Mr. Takeshi Jitsuyoshi
Director and Executive Secretary
Kobe Empowerment Center
Senior Managing Director
Hyogo Community Foundation

Why Support Youth

Simply put, the program is unlike others in that it stems from the fusion of two goals: to help out in disaster-stricken areas and to encourage youth development in the process. While the former is key, the program aims much higher by also focusing on fostering youth playing a role in recovery as an integral component of long-term human resource development. Through this, the program's ambition is to revitalize affected regions, and by extension Japanese society. There are lots of corporate programs offering aid to affected areas of eastern Japan, but I feel that this program excels because it offers a rare focus on cultivating people. While funding comes from Sumitomo Corporation, naturally it is the Company's officers and employees who generate these funds coupled with the understanding and support of shareholders and business partners that make the program a reality. I would like to express my gratitude to these stakeholders. Look forward to more from this program through which many youth play an active role and grow.

Activity and Research Subsidy

Voices of Groups Subsidized in Fiscal 2012

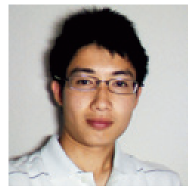


Miyu Maekawa

A junior at the Nara Women's University Department of Language and Culture
Institute for Human Diversity Japan

As I Imagine Kamaishi and Kansai 20 Years from Now

People from four universities in the Kansai region came together to form our group, which works to help enliven the temporary shopping district in Kamaishi, Iwate Prefecture. In fiscal 2012, we conducted a tour of support for Iwate in which female Kansai area university students participated and planned regional revitalization events in the shopping district, and joined up with people from the shopping district to hold a workshop showcasing Kamaishi's attractions. With these and our other activities, we constantly asked ourselves, "As university students from the Kansai region, what can we do to help?" Every time I visit Kamaishi, I am captivated by the strength of the people there, and how they forge ahead with a smile on their face despite grim conditions. I want to keep working to get the word out in Kansai about all the city of Kamaishi has to offer, working with the locals to light up the once defunct shopping district with smiles.



Tomoya Hirano

A sophomore at the Tohoku University School of Engineering
Mimamori-Tai
A student-organized group providing local assistance

Keeping Watch Over Higashi Matsushima After the Disaster

In fiscal 2012, we helped farmers in the city of Higashi Matsushima clear debris from farmland and relocate vinyl greenhouses, and assisted with memorial services in the city's Omagari district. For the memorial services, we made lanterns together with local residents and decorated them with inscriptions of the character meaning "pray," lotus flowers, and the like. We heard that attendees were touched by the lanterns. Through our activities, we have come to feel that we must keep working to bring to light needs in the affected regions that have not yet been fully uncovered.

A workshop involving local shop owners and students from Kansai and Iwate Prefecture

An event for invigorating the temporary quarters of the Kamaishi Aoba-Koen Shopping District

Removing stones scattered all over a field to revive it as farmland

Handmade lanterns light up the memorial service with calligraphy and patterns

Internship Program

Voices of Sponsor Group and a Student Intern in Fiscal 2012

Ms. Yuka Takahashi

Sponsor Group
Chairperson of the Board
Switch

The Lessons We've Learned

We learned a lot by having Aya Abe as a student intern.

Watching her learn the value of firmly grasping what the other person's heart is saying, despite finding it challenging to really listen, was heartwarming.

The straightforward outlook that she brought as a student intern rather than a supporter taught us the importance of thinking simply. I remain encouraged by Ms. Abe's words: "I intend to treasure what I learned here."

Aya Abe

Student Intern
A senior at the Ishinomaki Senshu University School of Business Administration

The Importance of Relating to Others

At the NPO Switch, I assisted with transitioning people with mental disorders into the workforce. I got involved because I received support when I was affected by the Great East Japan Earthquake and I wanted strongly to give back by providing assistance this time. I began by learning about mental illness from square one and supporting the operation of the organization's mental health program. While I also gained knowledge from reading, I learned a tremendous amount by interacting with patients and staff in the program, and listening to what various people had to say. I will continue to cherish human relationships and want to contribute to society.

Contributing to Local Communities All Over the World

Operating Courses Bearing the Sumitomo Corporation Name at Two Chinese Universities

To support development of the next generation of human resources, we have been active since 2006 in operating courses bearing the Sumitomo Corporation name at two of China's leading universities—Nankai University (Tianjin) and Tsinghua University (Beijing). In April 2013, Motoyuki Oka, Senior Advisor of Sumitomo Corporation, presented a lecture on the theme "What Makes a Good Organization" at Tsinghua University. About 150 university students and graduate students attended the lecture, which was followed by an in-depth discussion. Through these courses, we hope many students in China will gain a better understanding of Japan's business world, and serve as a bridge for economic exchange with Japan in the future.

Senior Advisor Oka of Sumitomo Corporation lecturing at Tsinghua University

Operating Japanese Language Classes in Vietnam

Since 2006, Sumitomo Corporation has been operating Japanese language classes for junior high school students in Da Nang, a city located in the central region of Vietnam. The program is designed to provide opportunities for children in Vietnam to learn about and develop an interest in Japan and its culture while learning the language.

The lessons are taught to about one hundred junior high school students in eight classes by an employee of Sumitomo Corporation who has a national license to teach Japanese. Many program graduates have passed the Japanese-Language Proficiency Test with flying colors. But the program is not just about learning the language. It also introduces many aspects of Japanese culture, including the different seasonal celebratory rituals, and traditional Japanese pastimes such as doing origami and cat's cradles. Among other varied activities promoting a greater understanding of Japan are field trips to factories on the outskirts of Da Nang run by Japanese companies.

A graduation ceremony for the Japanese language classes

Activities as a Good Corporate Citizen

Cooperating in the Promotion of Barrier-Free Environments at Expo 2012 Yeosu Korea

Sumitomo Corporation and Sumitomo Corporation Korea Ltd. worked together to create an audio description as part of a barrier-free initiative to help make the Japan Pavilion at the International Exposition in 2012, held in South Korea's southern city of Yeosu, fully accessible to all in the spirit of hospitality. Sumitomo Corporation has been promoting barrier-free movies since 2004. Our cooperation in providing an audio description to the pavilion enabled visitors with impaired vision to also enjoy the exhibit.

In addition, about 250 people, including 25 Yeosu locals with disabilities who attended the Universal Design Symposium sponsored by Saga Prefecture during the Expo, watched a barrier-free version of the popular Japanese cartoon "Doraemon." Sumitomo Corporation Korea employees helped to run the event, serving as volunteers performing tasks including interpretation and guiding guests with disabilities. This was the first screening of "Doraemon" accompanied by subtitles and audio descriptions in South Korea to enable the visual and hearing impaired to also enjoy the show. Saga Prefecture Governor Yasushi Furukawa emphasized the need to promote barrier-free films. "As we get more and more movies like this, life becomes easier," he noted. "We must therefore promote the expansion of the Sumitomo Corporation Group's efforts."

Through ongoing promotion of barrier-free movies, we aim to make society more livable for everyone.

The Universal Design Symposium

Providing Long-term Assistance for Recovery From the Great East Japan Earthquake

When the Great East Japan Earthquake struck on March 11, 2011, the Sumitomo Corporation Group wasted no time in coming together to collect and deliver emergency aid supplies, as well as make donations. This was only the beginning. We also made a commitment to long-term assistance for both the reconstruction of industries and humanitarian relief, asking ourselves how we can keep putting our diverse business bases in various fields and regions as an integrated trading company to work in post-disaster recovery.

■ Assistance for Industrial Reconstruction

Supporting Recovery of the Fish Processing Industry in Kesennuma

The city of Kesennuma in Miyagi Prefecture sustained grave damage to its core fish processing industry from the tsunami and major fires. Getting the industry back on its feet is an urgent task, as efforts to rebuild factories have been delayed by damage to buildings and land subsidence along the coast where factories are concentrated, and this has been compounded by problems such as the loss of sales channels and employment.

Sumitomo Corporation and Sumitomo Corporation Tohoku Co., Ltd. teamed up with Mitsui & Co., Ltd. to contribute to rapid, creative reconstruction of the industry in cooperation with Miyagi Prefecture, Kesennuma City, and the local chambers of commerce. This trading company coalition is helping to develop a recovery business model for the sector by assisting with the activities of the Kesennuma Shishiori Fisheries Processing Cooperative Association, which business operators united to form following the earthquake.

A general assembly commemorating the Kesennuma Shishiori Fisheries Processing Cooperative Association first anniversary

■ Humanitarian Assistance

Sumitomo Corporation offers various humanitarian assistance programs, such as the Sumitomo Corporation Youth Challenge Program for the Revitalization of East Japan, using its extensive partnerships and know-how developed through its ongoing social contribution activities.

Junior Philharmonic Orchestra (JPO)

The Junior Philharmonic Orchestra, which Sumitomo Corporation supports, held a charity concert for Great East Japan Earthquake relief in Natori City, Miyagi Prefecture where it performed with the local Sendai Junior Orchestra. Sumitomo Corporation matched sales from the concert, with all proceeds going to the Ashinaga Tohoku Rainbow House Construction Fund. (November 2012)

Barrier-free Movie Screenings

We were spurred into action in 2011 by people noting that "There is a variety of support for disaster-struck regions, but little assistance for people with disabilities." In 2012, we held a barrier-free movie screening in Sendai City, Miyagi Prefecture with assistance from the Miyagi Welfare Division for Persons with Disabilities. Miyagi Prefecture Governor Yoshihiro Murai expressed thanks for the initiatives for ensuring that people with disabilities can also participate. (December 2012)

Event to Sell Local Products From Disaster-Stricken Areas

In the grand lobby of Harumi Triton Square where Sumitomo Corporation's Head Office is located, we held a sales event offering products from a facility in Miyagi Prefecture supporting independence for people with disabilities. We received feedback from customers such as, "This was a good event providing shoppers easy access to good merchandise and contributing to the Tohoku region's recovery at the same time." (February 2013)

Grief Care Program

We offered a grief care program in a temporary housing complex in Natori City, Miyagi Prefecture to help long-term evacuees heal emotionally. (August–November 2012, February 2013)

Sumitomo Corporation provides a running update of the Group's social contribution activities around the world in the form of activity reports published on our corporate website to provide a broader overview including activities not mentioned in this publication.

http://www.sumitomocorp.co.jp/csr/contribution/report/ (Japanese only)


Social Contribution Activity Report

Third-party Assurance (Environmental Performance Data)

KPMG

Independent Assurance Report

To the President and CEO of Sumitomo Corporation

Purpose and Scope

We were engaged by Sumitomo Corporation (the "Company") to provide assurance on its Annual Report 2013 (the "Report") for the fiscal year ended March 31, 2013. The purpose of our assurance engagement was to express our conclusion, based on our assurance procedures, on whether the environmental performance indicators listed in the table below for the period from April 1, 2012 to March 31, 2013 disclosed on page 86 in the Report (the "Indicators") are prepared, in all material respects, in accordance with the Company's reporting criteria.

Indicators	Boundary	Level of Assurance
Electricity Consumption	Head office, regional business units, offices and branch offices in Japan	Reasonable
CO_2 Emissions (Offices)	Head office, regional business units, offices and branch offices in Japan	Reasonable
CO_2 Emissions (Logistics)	Head office, regional business units, offices and branch offices in Japan	Limited
CO_2 Emissions (Commuting and overseas business trips)	Head office	Limited
Waste Emissions (General and industrial waste stemming from operation)	Head office, regional business units, offices and branch offices in Japan	Reasonable
Water Consumption	Head office and regional business units in Japan	Reasonable

The content of the Report is the responsibility of the Company's management. Our responsibility is to carry out an assurance engagement and to express our conclusion based on the work performed.

Criteria

The Company applies its own reporting criteria as described in the Report. These are derived, among others, from the Act on the Rational Use of Energy, the Act on Promotion of Global Warming Countermeasures, and the General Guidelines on Supply Chain GHG Emission Accounting (2012) by Japan's Ministry of the Environment and Ministry of Economy, Trade and Industry. We used these criteria to evaluate the Indicators.

Procedures Performed

We conducted our engagement in accordance with 'International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information' issued by the International Auditing and Assurance Standards Board, and the 'Practical Guidelines for the Assurance of Sustainability Information' of the Japanese Association of Assurance Organizations for Sustainability Information ("J-SUS").

Reasonable assurance engagement

Our reasonable assurance engagement involved an assessment of assurance risks based on the internal control relevant to the Company's preparation of the Indicators, an evaluation of the application of the Company's criteria and the evidence obtained, an examination of how data are generated and how the Indicators are presented in the Report.

Limited assurance engagement

The limited assurance engagement on the Report consisted of making inquiries, primarily of persons responsible for the preparation of information presented in the Report, and applying analytical and other procedures. The level of assurance provided is thus not as high as that provided by a reasonable assurance engagement. Our limited assurance procedures included:

- Interviews with the Company's responsible personnel to obtain an understanding of its policy for the preparation of the Report.
- Reviews of the Company's reporting criteria.
- Inquiries about the design of the systems and methods used to collect and process the Indicators.
- Analytical reviews of the Indicators.
- Examining, on a test basis, evidence supporting the generation, aggregation and reporting of the Indicators in conformity with the Company's reporting criteria, and also a recalculation of the Indicators.
- Evaluating the overall statement in which the Indicators are expressed.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Conclusion

Reasonable assurance engagement

In our opinion, the Indicators in the Report are, in all material respects, prepared in accordance with the Company's reporting criteria as described in the Report.

Limited assurance engagement

Based on the procedures performed, as described above, nothing has come to our attention that causes us to believe that the Indicators in the Report are not prepared, in all material respects, in accordance with the Company's reporting criteria as described in the Report.

Independence

We have no conflict of interest relationships with the Company that are specified in the Code of Ethics of J-SUS.

KPMG AZSA Sustainability Co., Ltd.

KPMG AZSA Sustainability Co., Ltd.
Tokyo, Japan
July 29, 2013

Third-party Review of CSR Initiatives

Ms. Yoko Takahashi
President of Japan Philanthropic Association

Profile

After serving as a high school teacher, Ms. Takahashi completed a professional counselor training course at the Counseling Institute of Sophia University and earned certification as a professional counselor. From 1985 to 1991, she provided guidance to students, teachers, and parents as a psychological counselor at Kanto Gakuin Junior & Senior High School. In 1991, she joined the Japan Philanthropic Association. In 2001, she became the organization's president after serving as a director and the secretary-general.

Ms. Takahashi is devoted to promoting CSR, with a focus on corporate social contribution. She aims to encourage the private sector to be of service to the public by making proposals for collaborative work with NPOs, government organization, and the like, as well as serving as a bridge between various sectors. Ms. Takahashi is also a writer and editor. Key works include "Philanthropy Nyumon" (Introduction to Philanthropy) and "Shakai Kouken e Youkoso" (Welcome to Social Contribution).

1. Significance of Integrating the Annual Report and the Report on Responsibility & Sustainability

A key feature of the Sumitomo Corporation Annual Report 2013 is that the former Report on Responsibility & Sustainability relating to CSR initiatives has been integrated into the annual report. I consider integrated reports to be an important tool offering an overview of a company's current status and direction. I also believe all of the hard work and debate that is put into the production process makes them even more significant. The report includes information on how each segment approaches CSR through its business activities, and I commend the focus on the pursuit of operations with an eye to practicing CSR. However, this is the first integrated report and I feel that there is still a long way to go to achieve true integration embodying Sumitomo's Business Philosophy. I therefore hope the Company will engage in free discussion and creative experimentation to make the report more sophisticated.

2. Expectation for Comprehensive Initiatives on the Issue of Water Resources

Global companies are increasingly expected to preserve the environment to help realize a sustainable society. I think that Sumitomo Corporation's proactive provision of training to increase employee awareness and similar initiatives are playing a major role in creating a climate conducive to those goals. I see these actions as steps building up to environmental management and accounting.

Water resource problems are an important global issue, and I think that Sumitomo Corporation's aggressive development of water business could also become an activity that contributes to local communities. I believe support on both fronts will tie into overarching contributions to resolving social issues.

3. Expectations for Social Initiatives

The report provides information from various perspectives based on the principle that human resources are the most valuable business resource, which helps promote greater understanding.

Regarding social contribution activities, I felt the report compellingly conveyed Sumitomo Corporation's various measures around the world, which are fitting for a global corporation. I also thought that the feedback from participants and benefactors as well as photographs added interest, and imparted a sense of warmth and energy to the report. However, I must say the information seemed very broad. I therefore suggest redefining measures as a corporate citizen centered on human resource development and environmental preservation, and organizing information by genre. I believe that connections among business and regional traits will be brought to the fore during this process, illuminating the path to the next step.

The clear establishment of pillars for assisting reconstruction after the Great East Japan Earthquake, namely human resource development and humanitarian assistance, and assistance for industrial reconstruction, raise expectations and trust of Sumitomo Corporation. I would like to see these robust measures used as a reference to extend assistance to daily support in all the affected areas.

I hope Sumitomo Corporation uses the report's publication as a stepping stone for taking an even more holistic approach to CSR management rooted in Sumitomo's Business Philosophy.

Response to the Third-party Review

We would like to thank Ms. Yoko Takahashi for giving her valued review on the publication of the Sumitomo Corporation Annual Report 2013.

From fiscal 2013, Sumitomo Corporation has integrated its Report on Responsibility & Sustainability published through fiscal 2012 with its annual report by enhancing the latter's information on CSR measures. As Ms. Takahashi noted, our first step has been to integrate both reports together. We are watching trends in international frameworks pertaining to integrated reporting, and aim to deliver even better quality in fiscal 2014 and thereafter.

Of our social contribution activities that are centered on developing the next generation of human resources and contributing to local communities all over the world, we intend to focus even more on the former. We are currently working to enhance the Sumitomo Corporation Scholarship and the Sumitomo Corporation Youth Challenge Program for the Revitalization of East Japan. The report provides an account of these initiatives' present status. The Sumitomo Corporation Group is engaged in an array of social contribution activities worldwide. We are grateful for Ms. Takahashi's advice, which we intend to put to use in presenting information on our activities in a manner that is more easily comprehensible, and highlights connections between the activities and the characteristics of businesses and regions.

As for the special mention on water resource problems, we are grateful for Ms. Takahashi's recognition of the Sumitomo Corporation Group's water business. We also regard water resource problems as an important social issue. As a global corporate group, our basic stance is to work to solve problems through our business activities. In providing support through social contribution activities as well, we look to seize opportunities through dialogue with stakeholders we encounter on our business frontlines.

Yasuyuki Abe
Chair of the CSR Committee
Director, Senior Managing Executive Officer,
General Manager, Corporate Planning & Coordination Group

5

CHAPTER 5

CORPORATE INFORMATION

Business Operating Structure

Directors and Corporate Auditors

(As of July 1, 2013)

Takuro Kawahara
Executive Vice President

Toyosaku Hamada
Executive Vice President

Shinichi Sasaki
Executive Vice President

Kazuhisa Togashi
Executive Vice President

Kazuo Ohmori
Chairman

Kuniharu Nakamura
President and CEO

DIRECTORS AND CORPORATE AUDITORS

Chairman
Kazuo Ohmori

President and CEO
Kuniharu Nakamura*

Director
Shinichi Sasaki*

Director
Takuro Kawahara*

Director
Kazuhisa Togashi*

Director
Yasuyuki Abe*

Director
Naoki Hidaka*

Director
Toru Furihata*

Director
Hiroyuki Inohara*

Director
Michihiko Kanegae*

Director
Akio Harada*1

Director
Kazuo Matsunaga*1

Standing Corporate Auditor (Full-time)
Takahiro Moriyama

Corporate Auditor (Full-time)
Ichiro Miura

Corporate Auditor (Certified Public Accountant)
Tsuguoki Fujinuma*2

Corporate Auditor (Lawyer)
Mutsuo Nitta*2

Corporate Auditor (Lawyer)
Haruo Kasama*2

Notes: 1. Representative Directors are indicated by an asterisk (*).
2. Outside Directors are indicated by an asterisk (*1).
Outside Corporate Auditors are indicated by an asterisk (*2).

EXECUTIVE OFFICERS

President and CEO

Kuniharu Nakamura

Executive Vice Presidents

Toyosaku Hamada
General Manager for Europe, Middle East, Africa & CIS, Chairman of Sumitomo Corporation Europe Holding Limited

Shinichi Sasaki
General Manager, Media, Network, Lifestyle Related Goods & Services Business Unit

Takuro Kawahara
General Manager, Human Resources, General Affairs & Legal Group

Kazuhisa Togashi
General Manager, Metal Products Business Unit

Senior Managing Executive Officers

Yasuyuki Abe
General Manager, Corporate Planning & Coordination Group

Kazuhiro Takeuchi
General Manager for the Americas, President and CEO of Sumitomo Corporation North America Group, Director and President of Sumitomo Corporation of America

Naoki Hidaka
General Manager, Transportation & Construction Systems Business Unit

Toru Furihata
General Manager, Mineral Resources, Energy, Chemical & Electronics Business Unit

Hiroyuki Inohara
CFO, General Manager, Financial Resources Management Group

Masaru Nakamura
General Manager, Kansai Regional Business Unit

Michihiko Kanegae
General Manager, Environment & Infrastructure Business Unit

Managing Executive Officers

Kohei Hirao
General Manager for Asia & Oceania, President and CEO of Sumitomo Corporation Asia & Oceania Group, Chairman and CEO of Sumitomo Corporation Asia Pte. Ltd.

Hideki Iwasawa
Assistant General Manager for the Americas, Executive Vice President and CFO of Sumitomo Corporation North America Group, Executive Vice President and CFO of Sumitomo Corporation of America

Koichi Takahata
Assistant General Manager, Financial Resources Management Group, General Manager, Accounting Controlling Dept.

Nobuhiko Yuki
General Manager for East Asia, CEO of Sumitomo Corporation China Group, General Manager, Beijing Head Office, President of Sumitomo Corporation (China) Holding Ltd.

Kiyoshi Ogawa
General Manager, Internal Auditing Dept.

Masahiro Fujita
Assistant General Manager, Mineral Resources, Energy, Chemical & Electronics Business Unit

Masao Sekiuchi
General Manager, Chubu Regional Business Unit

Masato Sugimori
Assistant General Manager, Corporate Planning & Coordination Group, General Manager, Corporate Planning & Coordination Dept.

Akira Satake
Assistant General Manager, Financial Resources Management Group, General Manager, Finance Dept.

Executive Officers

Akira Takeuchi
General Manager, Mineral Resources Division, No. 1

Hiroaki Mizobuchi
President and CEO of Sumitomo Corporation Kyushu Co., Ltd., General Manager, Kyushu Okinawa Regional Business Unit

Yutaka Sekine
Assistant General Manager for Asia & Oceania, General Manager, Transportation & Construction Systems Business Unit of Sumitomo Corporation Asia & Oceania Group, President Director of PT. Sumitomo Indonesia

Yoshihiro Fujiura
Assistant General Manager for Europe, Middle East, Africa & CIS, General Manager for Middle East, Managing Director, Sumitomo Corporation Middle East FZE

Toshifumi Shibuya
General Manager, Media Division

Masatoshi Hayashi
General Manager, Corporate Communications Dept.

Kimio Fukushima
General Manager, Automotive Division, No. 2

Masao Tabuchi
General Manager, Ship, Aerospace & Transportation Systems Division

Hirohiko Imura
General Manager, Corporate Risk Management Dept.

Kiyoshi Sunobe
Assistant General Manager for Europe, Middle East, Africa & CIS, General Manager for Europe, CEO of Sumitomo Corporation Europe Group, Director and President of Sumitomo Corporation Europe Holding Limited, Chairman and Managing Director, Sumitomo Corporation Europe Limited

Hiroki Inoue
General Manager, Construction & Real Estate Division, General Manager, General Construction Development & Coordination Dept.

Yasuhiro Tsuji
General Manager, Basic Chemicals & Electronics Division

Makoto Horie
General Manager, Metal Products for Automotive & Railway Industry Division

Toshikazu Nambu
General Manager, Tubular Products Division

Masayuki Hyodo
General Manager, Global Power Infrastructure Business Division

Fumihiro Koba
Assistant General Manager for East Asia, General Manager, China Metal Products Business Unit of Sumitomo Corporation China Group, President and CEO of Sumitomo Corporation (Shanghai) Limited

Shoichi Kato
General Manager, Food Business Division

Atsushi Shinohara
Assistant to General Manager, Lifestyle & Retail Business Division

Shingo Ueno
General Manager, Energy Division

Osamu Ishimura
General Manager, Light Metals & Specialty Steel Sheet Division

Michihiko Hosono
General Manager, Legal Dept.

Organization

(As of July 1, 2013)

- General Meeting of Shareholders
  - Board of Corporate Auditors
    - Corporate Auditor
      - Corporate Auditor's Administration Dept.
  - Board of Directors
    - President and CEO
    - Executive Officers

Corporate Group

- Internal Auditing Dept.
- Corporate Planning & Coordination Group
- Human Resources, General Affairs & Legal Group
- Financial Resources Management Group

Business Units

Metal Products Business Unit

- Planning & Administration Dept., Metal Products Business Unit
- Steel Sheet & Construction Steel Products Division
- Metal Products for Automotive & Railway Industry Division
- Light Metals & Specialty Steel Sheet Division
- Tubular Products Division

Transportation & Construction Systems Business Unit

- Planning & Administration Dept., Transportation & Construction Systems Business Unit
- Ship, Aerospace & Transportation Systems Division
- Automotive Division, No. 1
- Automotive Division, No. 2
- Construction & Mining Systems Division

Environment & Infrastructure Business Unit

- Planning & Administration Dept., Environment & Infrastructure Business Unit
- Environment & Infrastructure Project Business Division
- Global Power Infrastructure Business Division
- Logistics & Insurance Business Division

Media, Network, Lifestyle Related Goods & Services Business Unit

- Planning & Administration Dept., Media, Network, Lifestyle Related Goods & Services Business Unit
- Media Division
- Network Division
- Lifestyle & Retail Business Division
- Food Business Division
- Materials & Supplies Division
- Construction & Real Estate Division
- General Construction Development & Coordination Dept.

Mineral Resources, Energy, Chemical & Electronics Business Unit

- Planning & Administration Dept., Mineral Resources, Energy, Chemical & Electronics Business Unit
- Mineral Resources Division No. 1
- Mineral Resources Division No. 2
- Energy Division
- Basic Chemicals & Electronics Division
- Life Science Division

Japan		Overseas	
3	Subsidiaries	39	Subsidiaries
3	Regional Business Units	1	Branch
2	Offices	27	Offices

Regional Business Units and Subsidiaries

(As of July 1, 2013)

Region	Name of Regional Business Unit or Subsidiary	Location
Japan	Kansai Regional Business Unit	Osaka
	Chubu Regional Business Unit	Nagoya
	Kyushu-Okinawa Regional Business Unit/ Sumitomo Corporation Kyushu Co., Ltd.	Fukuoka
	Sumitomo Corporation Hokkaido Co., Ltd.	Sapporo
	Sumitomo Corporation Tohoku Co., Ltd.	Sendai
East Asia	Sumitomo Corporation (China) Holding Ltd.	Beijing
	Sumitomo Corporation (China) Limited	Beijing
	Sumitomo Corporation (Shanghai) Limited	Shanghai
	Sumitomo Corporation (Tianjin) Ltd.	Tianjin
	Sumitomo Corporation (Dalian) Ltd.	Dalian
	Sumitomo Corporation (Qingdao) Ltd.	Qingdao
	Sumitomo Corporation (Guangzhou) Ltd.	Guangzhou
	Shenzhen Sumitomo Corporation Ltd.	Shenzhen
	Sumitomo Corporation (Hong Kong) Limited	Hong Kong
	Sumitomo Corporation Taiwan Ltd.	Taipei
	Sumitomo Corporation Korea Ltd.	Seoul
Southeast and Southwest Asia	Sumitomo Corporation Asia Pte. Ltd.	Singapore
	Sumitomo Corporation Thailand, Ltd. Sumi-Thai International Limited	Bangkok
	Sumur Cahaya Sdn. Bhd.	Kuala Lumpur
	Sumitomo Corporation of the Philippines	Manila
	PT. Sumitomo Indonesia	Jakarta
	Sumitomo Corporation Vietnam LLC	Hanoi
	Sumitomo Corporation India Private Limited	New Delhi
Oceania	Sumitomo Australia Pty Ltd	Sydney
Europe	Sumitomo Corporation Europe Holding Limited	London
	Sumitomo Corporation Europe Limited	London
	Sumitomo Corporation España S.A.	Madrid
	Sumitomo Deutschland GmbH	Dusseldorf
	Sumitomo France S.A.S.	Paris
	Sumitomo Benelux S.A./N.V.	Brussels
The Middle East	Sumitomo Corporation Middle East FZE	Dubai
	Sumitomo Corporation Iran, Ltd.	Teheran
	Sumitomo Corporation Dis Ticaret A.S.	Istanbul
CIS	Sumitomo Corporation (Central Eurasia) LLC	Moscow
North America	Sumitomo Corporation of America	New York
	Sumitomo Canada Limited	Calgary
Central America and South America	Sumitomo Corporation de Mexico S.A. de C.V.	Mexico City
	Sumitomo Corporation do Brasil S.A.	Sao Paulo
	Sumitomo Corporation del Ecuador S.A.	Quito
	Sumitomo Corporation de Venezuela, S.A.	Caracas
	Sumitomo Corporation Colombia S.A.S.	Bogota
	Sumitomo Corporation del Peru S.A.	Lima
	Sumitomo Corporation Argentina S.A.	Buenos Aires
	Sumitomo Corporation (Chile) Limitada	Santiago

Global Network

(As of July 1, 2013)

EUROPE

London
Oslo
Prague
Warsaw
Milan
Madrid
Dusseldorf
Paris
Brussels

AFRICA

Algiers
Casablanca
Johannesburg
Nairobi
Dar es Salaam
Luanda
Antananarivo
Accra

MIDDLE EAST

Dubai
Teheran
Istanbul
Ankara
Abu Dhabi
Muscat
Baghdad
Erbil
Doha
Bahrain
Kuwait
Riyadh
Jeddah
Alkhobar
Sanaa
Cairo
Amman
Damascus
Tripoli

CIS

Moscow
Vladivostok
St. Petersburg
Kiev
Almaty
Astana
Tashkent

OVERSEAS: 65 countries

	39 Subsidiaries / 88 locations
	1 Branch / 1 location
	27 Offices / 27 locations
Total	**116 locations**

JAPAN:

	Headquarters
	3 Subsidiaries / 9 locations
	3 Regional Business Units / 12 locations
	2 Offices / 2 locations
Total	**24 locations**

SOUTHEAST AND SOUTHWEST ASIA

Singapore
Kuala Lumpur
Phnom Penh
Vientiane
Yangon
Nay Pyi Taw
Dhaka
Karachi
Islamabad
Bangkok
Manila
Jakarta
Surabaya
Hanoi
Ho Chi Minh City
Danang
New Delhi
Mumbai
Chennai

EAST ASIA

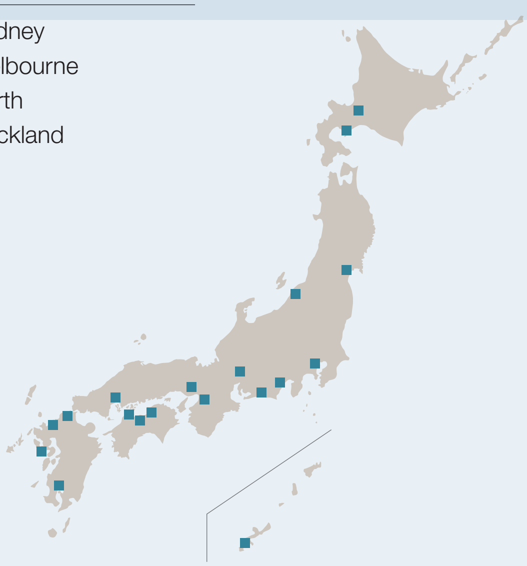
Beijing
Chengdu
Changchun
Wuhan
Shanghai
Nanjing
Suzhou
Tianjin
Dalian
Qingdao
Guangzhou
Shenzhen
Hong Kong
Ulaanbaatar
Taipei
Kaohsiung
Seoul
Busan

NORTH AMERICA

New York
Detroit
Pittsburgh
Washington, D.C.
Chicago
Houston
Denver
Portland
Los Angeles
Calgary
Toronto
Vancouver
Montreal

OCEANIA

Sydney
Melbourne
Perth
Auckland



JAPAN

Tokyo
Sapporo
Muroran
Sendai
Niigata
Shizuoka
Hamamatsu
Nagoya
Osaka
Kobe
Hiroshima
Imabari
Takamatsu
Niihama
Kita-Kyushu
Fukuoka
Nagasaki
Kagoshima
Naha

CENTRAL AMERICA AND SOUTH AMERICA

Mexico City
Guatemala
Havana
Sao Paulo
Rio de Janeiro
Porto Alegre
Recife
Quito
Caracas
Bogota
Lima
Buenos Aires
Santiago

Principal Subsidiaries and Associated Companies

(As of March 31, 2013)

		Subsidiary/ Associated Company	Main Business
METAL PRODUCTS BUSINESS UNIT			
Japan	Hokkaido Shearing Kaisha, Ltd.	Sub.	Shearing, slitting, and sale of steel sheets
	KS Summit Steel Co., Ltd.	Sub.	Shearing, slitting, and sale of steel sheets
	Mazda Steel Co., Ltd.	Sub.	Shearing, slitting, and sale of steel sheets
	SC Pipe Solutions Co., Ltd.	Sub.	Sale of steel piping and other steel products
	SC Tubulars Co., Ltd.	Sub.	Sale of specialty tubular products
	Sofuku-koki Co., Ltd.	Sub.	Manufacture and sale of steel racks
	Sumisho Metalex Corporation	Sub.	Sale of non-ferrous metal products, materials for home heat solution
	Sumisho Speciality Steel Corporation	Sub.	Stock, sale, and processing of specialty steel
	Summit Steel Co,, Ltd.	Sub.	Shearing, slitting, and sale of steel sheets
	Sumisho Tekko Hanbai Co., Ltd.	Sub.	Sale of steel products
	Summit Steel Corporation	Sub.	Sale of steel sheets
Asia	Dong Guan Summit Metal Products Co., Ltd. (China)	Sub.	Shearing, slitting, and sale of steel sheets
	Foshan Summit Nikka Mold & Metal Products Co., Ltd. (China)	Sub.	Stock, sale, and processing of tool steel
	Shanghai Hi-Tec Metal Products Co., Ltd. (China)	Sub.	Manufacture and sale of metal-processing products
	Shanghai Nikka Metal Products Co., Ltd. (China)	Sub.	Stock, sale, and processing of tool steel
	Shanghai Summit Metal Products Co., Ltd. (China)	Sub.	Shearing, slitting, and sale of steel sheets
	Tianjin Hua Zhu Metal Products Co., Ltd. (China)	Sub.	Shearing, slitting, and sale of steel sheets
	Wuxi Summit-Bao Metal Products Co., Ltd. (China)	Sub.	Shearing, slitting, and sale of steel sheets
	Zhongshan Nomura Steel Product Co., Ltd. (China)	Sub.	Shearing, slitting, and sale of steel sheets
	India Steel Summit Private Limited (India)	Sub.	Shearing, slitting of steel plates and manufacture of metal stamping parts and die
	P.T. Super Steel Indah (Indonesia)	Ass.	Shearing, slitting, and sale of steel sheets
	P.T. Super Steel Karawang (Indonesia)	Sub.	Shearing, slitting, and sale of steel sheets
	Steel Centre Malaysia Sdn. Bhd. (Malaysia)	Sub.	Shearing, slitting, and sale of steel sheets
	Sumiputeh Steel Centre Sdn. Bhd. (Malaysia)	Ass.	Shearing, slitting, and sale of steel sheets
	Calamba Steel Center, Inc. (Philippines)	Sub.	Shearing, slitting, and sale of steel sheets
	Mactan Steel Center, Inc. (Philippines)	Sub.	Shearing, slitting, and sale of steel sheets
	Asian Steel Company Ltd. (Singapore)	Sub.	Shearing, slitting, and sale of steel sheets
	Mason Metal Industry Co., Ltd. (Taiwan)	Sub.	Shearing, slitting, and sale of steel sheets
	CS Metal Co., Ltd. (Thailand)	Ass.	Shearing, slitting, and sale of steel sheets
	CS Non-Ferrous Center Co., Ltd. (Thailand)	Ass.	Shearing, slitting, and sale of non-ferrous metal sheets
	Sumisho Laser Welding (Thailand) Co., Ltd. (Thailand)	Sub.	Manufacturing of metal tailor welded blanks (TWB)
	Thai Steel Service Center Ltd. (Thailand)	Sub.	Shearing, slitting, and sale of steel sheets
	Hanoi Steel Center Co., Ltd. (Vietnam)	Sub.	Shearing, slitting, and sale of steel sheets
	Saigon Steel Service & Processing Co., Ltd. (Vietnam)	Ass.	Shearing, slitting, and sale of steel sheets
The Middle East	Summit Steel (M.E.) FZCO (UAE)	Sub.	Trade of various steel products, and shearing, slitting, and sale of steel sheets
Europe	Steel Center Europe, S.R.O. (Czech)	Ass.	Shearing, slitting, and sale of steel sheets
	Kienle + Spiess GmbH (Germany)	Sub.	Manufacturing and sale of motor cores
The Americas	Servilamina Summit Mexicana S.A. de C.V. (Mexico)	Sub.	Shearing, slitting, and sale of steel sheets
	Arkansas Steel Associates LLC (U.S.)	Ass.	Steel mini mill (manufacture of railroad tie plates)
	SC Pipe Services Inc. (U.S.)	Sub.	Investment in pipe manufacturing and sales company in the U.S.
	Summit Stainless Steel LLC (U.S.)	Sub.	Sales of stainless steel products
Oceania	SC Metal Pty. Ltd. (Australia)	Sub.	Investment in aluminum smelting operation in Australia

TRANSPORTATION & CONSTRUCTION SYSTEMS BUSINESS UNIT

		Subsidiary/ Associated Company	Main Business
Japan	KIRIU Corporation	Sub.	Automotive components manufacturer (disc rotors, brake drums, etc.)
	Oshima Shipbuilding Co., Ltd.	Ass.	Shipbuilding
	SC-ABeam Automotive Consulting	Sub.	Automotive industry focused consulting
	SMFL Aircraft Capital Japan Co., Ltd.	Ass.	Aircraft operating lease
	Sumisho Aero-Systems Corporation	Sub.	Sale of aerospace equipment
	Sumisho Machinery Trade Corporation	Sub.	Trading of machinery, equipment and automobiles
	Sumisho Marine Co., Ltd.	Sub.	Ship related operational services
	Sumitomo Mitsui Auto Service Company, Limited	Ass.	Leasing of motor vehicles
	Sumitomo Mitsui Finance and Leasing Company, Limited	Ass.	Finance and lease
Asia	Chongqing Sumisho Yunxin Logistics Co., Ltd. (China)	Sub.	Logistics service and light assembly for automotive components
	SC Construction Machinery (Shanghai) Corporation (China)	Sub.	Sale, rental and other services of construction equipment
	Shanghai Baosteel Summit Auto Trading Co., Ltd. (China)	Ass.	Dealership of motor vehicles
	Kubota Agricultural Machinery India Private Ltd. (India)	Ass.	Sale of tractors, combines and rice transplanters in India
	SML Isuzu Limited (India)	Ass.	Commercial vehicle manufacturer
	P.T. Asuransi Sumit Oto (Indonesia)	Sub.	Insurance for automobiles and motorcycles
	P.T. Oto Multiartha (Indonesia)	Sub.	Financing of automobiles
	P.T. Summit Oto Finance (Indonesia)	Sub.	Financing of motorcycles
	P.T. Traktor Nusantara (Indonesia)	Ass.	Forklift hire/rental and sale/service for forklift, farm tractor and industrial equipment
	Sumisho Motor Finance Corporation (Philippines)	Ass.	Financing of motorcycles
	Summit Auto Management (Thailand)	Sub.	Holding and management company of automotive dealership and finance companies
	Summit Capital Leasing Co., Ltd. (Thailand)	Sub.	Financing of motorcycles
	Toyota Can Tho Company Ltd. (Vietnam)	Ass.	Dealership of Toyota motor vehicles
	Toyota Giai Phong Company (Vietnam)	Ass.	Dealership of Toyota motor vehicles
	Toyota Ly Thuong Kiet (Vietnam)	Sub.	Dealership of Toyota motor vehicles
The Middle East	Summit Auto Trade Facilities (Jordan)	Sub.	Financing of motor vehicles
	Nissan Otomotiv A.S. (Turkey)	Sub.	Import and wholesale of Nissan motor vehicles and parts
Europe	SMBC Aviation Capital Limited (Ireland)	Ass.	Aircraft operating lease
	Sumitec International, Ltd. (Russia)	Sub.	Sale and after-sales service of construction, mining and material handling equipment
	Summit Motors (Vladivostok) (Russia)	Sub.	Import and sale of Toyota motor vehicles and parts
	Toyota Canarias, S.A. (Canary Islands, Spain)	Sub.	Import and wholesale of Toyota and Lexus motor vehicles and parts
	Summit Motors Ukraine (Ukraine)	Sub.	Dealership of Toyota and Lexus motor vehicles
	Toyota Ukraine (Ukraine)	Sub.	Import and wholesale of Toyota and Lexus motor vehicles and parts
The Americas	SMS Construction and Mining Systems Inc. (Canada)	Sub.	Holding and management company of Komatsu distributor and other business
	SMS Equipment Inc. (Canada)	Sub.	Operates dealership of Komatsu construction/mining equipment and others
	Mazda Motor Manufacturing de Mexico S.A. de C.V. (Mexico)	Ass.	Manufacturing of Mazda motor vehicles
	Linder Industrial Machinery Company (U.S.)	Sub.	Operates dealership of Komatsu construction equipment and others
	SMS International Corporation (U.S.)	Sub.	Holding and management company of Komatsu distributor and other business
	Summit Motor Management, Inc. (U.S.)	Sub.	Holding and management company of automotive dealerships
	Sunstate Equipment Co., LLC (U.S.)	Sub.	Rental of construction equipment
Oceania	Summit Auto Lease Australia Pty Limited (Australia)	Sub.	Motor vehicle leasing to corporate customers
Africa	Toyota Libya FZC (Libya)	Sub.	Import and sale of Toyota motor vehicles and parts

ENVIRONMENT & INFRASTRUCTURE BUSINESS UNIT

		Subsidiary/ Associated Company	Main Business
Japan	Bluewell Corporation	Sub.	Agent for casualty insurance and life insurance
	Bluewell Insurance Brokers Ltd.	Sub.	Broker for casualty insurance and re-insurance
	Inamoto Manufacturing Co., Ltd.	Sub.	Manufacture and sale of industrial washing machines
	SC Hiroshima Energy Corporation	Sub.	Electricity and steam supply (energy service provider)
	Sumisho Global Logistics Co., Ltd.	Sub.	Global logistics provider
	Sumisho Inax Corporation	Sub.	Sale and maintenance of industrial washing machines
	Sumisho Machinery Trade Corporation	Sub.	Trading of machinery, equipment and automobiles in Japan
	Sumitomo Shoji Machinex Co., Ltd.	Sub.	Sale of machinery and equipment
	Summit Air Service Corporation	Sub.	Travel agency
	Summit Energy Corporation	Sub.	Planning, development and operation of, and energy sales for domestic business in the electric power and energy fields
	Summit Power Holdings Limited	Sub.	Planning, development and operation of power project
	Tomra Japan Limited	Ass.	Collection and recycling of used beverage containers
Asia	Nanjing CMSCL Co., Ltd. (China)	Ass.	Automobile related transportation
	Sumisho Global Logistics (China) Co., Ltd. (China)	Sub.	Warehousing and distribution services
	Tianjin Dowa Green Angel Summit Recycling Co., Ltd. (China)	Ass.	e-Waste recycling business
	Eastern Water Co., Limited (Hong Kong)	Ass.	Development and investment of water business in China
	P.T. East Jakarta Industrial Park (Indonesia)	Sub.	Development, sales, and operation of industrial estate in Indonesia
	PT Sumisho Global Logistics Indonesia (Indonesia)	Sub.	Warehousing and distribution services
	PT Supreme Energy Muara Laboh (Indonesia)	Ass.	Power generation and supply of geothermal electricity in Indonesia
	PT Supreme Energy Rajabasa (Indonesia)	Ass.	Power generation and supply of geothermal electricity in Indonesia
	First Philippine Industrial Park, Inc. (Philippines)	Ass.	Development, sales, and operation of industrial estate in Philippines
	Sumisho Global Logistics (Thailand) Co., Ltd. (Thailand)	Sub.	Warehousing and distribution services
	Summit Sunrise Energy Co., Ltd (Thailand)	Sub.	Investment company for power plant asset in Thailand
	Dragon Logistics Co., Ltd. (Vietnam)	Ass.	Warehousing and distribution services
	Mekong Energy Company Ltd. (Vietnam)	Ass.	Power generation and supply of electricity in Vietnam
	Thang Long Industrial Park Corporation (Vietnam)	Sub.	Development, sales, and operation of industrial estate in Vietnam
	Thang Long Industrial Park II Corporation (Vietnam)	Sub.	Development, sales, and operation of industrial estate in Vietnam
The Middle East	Hidd Power Company (Bahrain)	Ass.	Power generation and sea water desalination project company in Bahrain
	Sahara Cooling Limited (UAE)	Ass.	District cooling business in Abu Dhabi
	Shuweihat Asia Power Investment B.V. (UAE)	Ass.	Power generation and sea water desalination project company in the UAE
	Shuweihat CMS International Power Company PJSC (UAE)	Ass.	Power generation and sea water desalination project company in the UAE
Europe	Lavansol 1 S.A.S (France)	Ass.	Development and management of solar power generation plant
	Sumisho Global Logistics Europe GmbH (Germany)	Sub.	Warehousing and distribution services
	Energia Rinnovabile S.r.l (Italy)	Sub.	Development and management of solar power generation plant
	Energy Power S.r.l (Italy)	Sub.	Development and management of solar power generation plant
	CBK Netherlands Holdings B.V. (Netherlands)	Ass.	Holding company of CBK Power Company Ltd, which operates hydraulic power plant in the Philippines
	Energia Verde De La Macaronesia, S.L. (EVM) (Spain)	Ass.	Development and management of solar power generation plant
	EVM2 Energias Renovables S.L. (EVM2) (Spain)	Ass.	Development and management of solar power generation plant
	Bluewell Reinsurance Company (Bermuda) Ltd. (U.K.)	Sub.	Captive insurance company (Rent A Captive)
	Summit Water Limited (U.K.)	Sub.	Investment vehicle for Sutton & East Surrey Water plc (SESW), water supply and distribution company in England (through East Surrey Holdings as intermediate holding company of SESW and other subsidiaries)
The Americas	Perennial Power Holdings Inc. (U.S.)	Sub.	Development, ownership and management of power plant in the U.S.
	Sumisho Global Logistics (USA) Corporation (U.S.)	Sub.	International intermodal transport
	Summit Solar Americas, Inc. (U.S.)	Sub.	Development and management of solar power generation plant
	Summit Wind Energy, Inc. (U.S.)	Sub.	Development and management of wind power generation plant
	Summit Wind Power Texas, Inc. (U.S.)	Sub.	Development and management of wind power generation plant
Oceania	Summit Southern Cross Power Pty. Ltd. (Australia)	Sub.	Development, ownership and management of power plant in Australia
	Bluewell Reinsurance (Micronesia) Ltd. (Micronesia)	Sub.	Captive insurance company
Africa	Summit Wind Power South Africa (Pty) Ltd (South Africa)	Sub.	Development and management of wind power generation plant

MEDIA, NETWORK, LIFESTYLE RELATED GOODS & SERVICES BUSINESS UNIT

		Subsidiary/ Associated Company	Main Business
Japan	Barneys Japan Co., Ltd.	Sub.	Import and sale of apparel, accessories, cosmetics, and goods
	Chiba Flour Milling Co., Ltd	Ass.	Flour milling
	Chiba Kyodo Silo Co., Ltd.	Sub.	Operation of silo facility and handling of grain, such as wheat, barley and corn
	EWEL, Inc.	Ass.	Corporate benefits administration outsourcing
	Global Institute Co., Ltd.	Ass.	Operation of English based children's daycare and kindergarten
	HARUMI CORPORATION	Ass.	Facility management of Harumi Triton Square
	IG Kogyo Co., Ltd.	Sub.	Manufacture and sale of insulated metal panels for roofing and walls
	Jupiter Shop Channel Co., Ltd.	Ass.	Operation of TV shopping channel
	Jupiter Telecommunications Co., Ltd. (J:COM)	Ass.	Operation of multiple cable TV systems (MSO) and channels (MCO)
	KI Fresh Access, INC.	Ass.	Fresh product wholesale
	Mammy Mart Corporation	Ass.	Supermarket chain
	MARC JACOBS JAPAN K.K.	Ass.	Import and sale of bags, apparel and accessories, "MARC JACOBS" and "MARC BY MARC JACOBS"
	Nissin Sugar Holdings Co., Ltd.	Ass.	Holding company of sugar refinery and sales subsidiaries
	REIBI CO., LTD.	Sub.	Facility management of buildings in Kansai region
	S.C. Cement Co., Ltd.	Sub.	Sale of cement, ready-mixed concrete and concrete products
	S.C. Cement (Kyushu) Co., Ltd.	Sub.	Sale of ready-mixed concrete, concrete products, cement and aggregate
	SC Foods Co., Ltd.	Sub.	Import, development, and sale of foodstuffs
	SC NETSUPER CORP.	Sub.	Online grocery shopping service
	SCSK Corporation	Sub.	System integration, IT infrastructure implementation and IT management
	SEVEN INDUSTRIES CO., LTD.	Sub.	Manufacture and sale of laminated lumber and wood products
	Shinko Sugar Mill Co., Ltd	Ass.	Sugar production
	Soukai Drug Co., Ltd.	Sub.	Internet drugstore
	Sumifru Corporation	Sub.	Import and sale of fruits and vegetables
	Sumisho & Mitsuibussan Kenzai Co., Ltd.	Ass.	Sale of building materials
	Sumisho Brand Management Corporation	Sub.	Import, design and sale of the German luxury line of Chenille fabrics brand "FEILER" and women's apparel and accessories brand, "NARA CAMICIE"
	SUMISHO BUILDING MANAGEMENT CO., LTD.	Sub.	Property management of office buildings
	Sumisho Drugstores Inc.	Sub.	Drugstore chain
	Sumisho Interior International Inc.	Sub.	Interior designing and installation, import and sale of furniture
	Sumisho Realty Management Co., Ltd.	Sub.	Asset management business of real estate
	SUMISHO TATEMONO CO., LTD.	Sub.	Sale and management of residential properties, housing remodeling
	Sumisho Urban Kaihatsu Co., Ltd.	Sub.	Planning, development, management, and operation of shopping centers
	Sumitex International Co., Ltd	Sub.	Production and sale of textile products and materials
	Summit, Inc.	Sub.	Supermarket chain
	Summit Oil Mill Co., Ltd.	Sub.	Refining and sale of vegetable oil
	T-Gaia Corporation	Ass.	Sale of cellular phones and fixed line telecommunication services
	WAM!NET Japan K.K.	Sub.	Data transfer and storage services for video, music and image sources
	Yasato Kosan Co., Ltd.	Sub.	Owning and operating of golf course: Summit Golf Club (Ibaraki Pref.)
	Yokohama City Management Co., Ltd.	Ass.	Management, operation and leasing of multipurpose facilities in Minato Mirai 21
Asia	Sumisho E-commerce (Shanghai) Ltd. (China)	Sub.	Online retailer of food and household goods
	SANYOU DRUGSTORE LTD. (Taiwan)	Ass.	Drugstore chain in Taiwan
	SHOP Global (Thailand) Co., Ltd. (Thailand)	Ass.	Development of multi-media retail business in Thailand
	PT Sumisho E-commerce Indonesia (Indonesia)	Sub.	Online retailer of food and household goods
	PT. Summit Biomass Indonesia (Indonesia)	Sub.	Manufacture and sale of carbonized Palm Kernel Shell (PKS)
	P.T. Summitmas Property (Indonesia)	Ass.	Management, operation and leasing of office buildings
	MobiCom Corporation (Mongolia)	Ass.	Integrated telecommunication service in Mongolia
	Dunlop Tire Thailand Co., Ltd. (Thailand)	Ass.	Wholesale of tires to the replacement tire market in Thailand
The Middle East	Shaheen Tyres Company L.L.C. (UAE)	Ass.	Import and sale of tires in the UAE
Europe	Dunlop Tire CIS, LLC (Russia)	Ass.	Import and sale of tires in CIS (except Ukraine/Mordovskaya)
	OAO Terneyles (Russia)	Ass.	General forest products company
	ZAO PTS Hardwood (Russia)	Ass.	Manufacture and sale of laminated lumber and wood products
	ZAO STS Technowood (Russia)	Sub.	Manufacture and sale of laminated lumber and wood products
The Americas	Volterra S.A. (Chile)	Ass.	Afforestation, manufacture and sale of woodchip for paper
	Presidio Ventures, Inc. (U.S.)	Sub.	Strategic venture investment in the U.S.
	TBC Corporation (U.S.)	Sub.	Retail and wholesale of tires
Oceania	Emerald Group Australia Pty Ltd (Australia)	Ass.	Grain collecting
	SUMMIT TYRES AUSTRALIA PTY LTD (Australia)	Sub.	Import and wholesale of tires
	Suprima Frozen Foods Pty Ltd (Australia)	Ass.	Manufacturing and sale of frozen dough
	Summit Forest Management of NZ Ltd. (New Zealand)	Sub.	Forest management in New Zealand

MINERAL RESOURCES, ENERGY, CHEMICAL & ELECTRONICS BUSINESS UNIT

		Subsidiary/ Associated Company	Main Business
Japan	Enessance Holdings Co., Ltd.	Ass.	Planning strategy of LPG & home solution business, controlling its subsidiaries, and LPG wholesale
	LNG Japan Corporation	Ass.	Trading of LNG, investment and financing related to LNG business
	Nippon Power Graphite Co., Ltd	Ass.	Manufacture and sale of lithium-ion battery anode material
	Nusa Tenggara Mining Corporation	Sub.	Investment in and financing of the Batu Hijau copper/gold mine project in Indonesia
	Osakagas Summit Resources Co., Ltd.	Ass.	Investment in oil and natural gas development business
	Petrocokes Japan Ltd.	Sub.	Manufacture and sale of petroleum needle coke
	Soda Ash Japan Co., Ltd.	Sub.	Sale of soda ash from the U.S.
	Sumitomo Shoji Chemicals Co., Ltd.	Sub.	Sale and trade of chemicals and plastics
	Sumitronics Corporation	Sub.	Electronics manufacturing service
	Summit Agri-Business Corporation	Sub.	Manufacture and sale of fertilizer and agriculture-related materials
	Summit Agro International, Ltd.	Sub.	Development and distribution of crop protection products, household insecticides and pet-care products
	Summit CRM, Ltd.	Sub.	Trading of carbon-related materials (coke, etc.), refractories and ferrous raw materials
	Summit Pharmaceuticals International Corporation	Sub.	Drug discovery services, pharmaceutical development, and supply of active pharmaceutical ingredients, intermediates and formulations
Asia	Summit Fertilizer (Foshan) Co., Ltd. (China)	Ass.	Manufacture and sale of chemical fertilizer
	Summit Fertilizer (Qingdao) Co., Ltd. (China)	Ass.	Manufacture and sale of chemical fertilizer
	Sumifert Sdn. Bhd. (Malaysia)	Sub.	Import and sale of fertilizers
	Petro Summit Pte. Ltd. (Singapore)	Sub.	International trade of crude oil and petroleum products
	Sumitronics Taiwan Co., Ltd. (Taiwan)	Sub.	Sale of electronics materials and parts
	Sumi-Thai Fertilizer Co., Ltd. (Thailand)	Sub.	Import of fertilizer materials and sale of chemical fertilizers
The Middle East	Sumi Agro Turkey Tarim Ilaclari Sanayi Ve Ticaret A.S. (Turkey)	Sub.	Sale of crop protection products in Turkey
Europe	C & O Pharmaceutical Technology (Holdings) Limited (Bermuda Islands)	Ass.	R&D, manufacture, import, and sale of pharmaceutical products
	Appak LLP (Kazakhstan)	Ass.	Development of uranium mine in Kazakhstan and production/sale of uranium ore concentrates
	SMM Cerro Verde Netherlands B.V. (Netherlands)	Ass.	Investment in the Cerro Verde copper mine in Peru
	Alcedo SRL (Romania)	Sub.	Integrated sale of agricultural materials in Romania
	Interacid Trading S.A. (Switzerland)	Sub.	International trade of sulfur and sulfuric acid
	Summit Minerals GmbH (Switzerland)	Sub.	Sale of silver, zinc and lead concentrates produced in San Cristobal project in Bolivia
	Sumi Agro Europe Limited (U.K.)	Sub.	Investment in crop protection business in Europe
	Summit Petroleum Limited (U.K.)	Sub.	Exploration, development, production and sale of and investment in oil and natural gas in U.K. North Sea
The Americas	Summit Agro Argentina S.A. (Argentine)	Sub.	Distribution of crop protection products in Argentine
	Minera San Cristobal S.A. (Bolivia)	Sub.	Mining of San Cristobal silver, zinc and lead project in Bolivia
	Mineração Usiminas S.A. (Brazil)	Ass.	Exploitation, production and export of iron ore and development of related infrastructure
	SMM Sierra Gorda Inversiones Limitada (Chile)	Ass.	Investment in the Sierra Gorda copper and molybdenum mine in Chile
	Summit Agro Mexico S.A. de C.V. (Mexico)	Sub.	Distribution of crop protection products in Mexico
	Pacific Summit Energy LLC (U.S.)	Sub.	Natural gas and power trade
	Presperse Corporation (U.S.)	Sub.	Formulation and distribution of specialty ingredients and formulated solutions for the cosmetic and personal care markets
	SC Minerals America, Inc. (U.S.)	Sub.	Investment in the Morenci copper mine, the Pogo gold mine in the U.S. and the Candelaria and Ojos del Salado copper mines in Chile
	Summit Agro USA, LLC (U.S.)	Sub.	Distribution of crop protection products in the U.S.
	Summit Discovery Resources, II, III, LLC. (U.S.)	Sub.	Exploration, development, production, sale of and investment in natural gas in North America
	Summit Mining International Inc. (U.S.)	Sub.	Management support of San Cristobal Project in Bolivia and development, consulting service for new mining investment
	Summit Petrochemical Trading Inc. (U.S.)	Sub.	Distribution and trade of ethane & aromatics products
	The Hartz Mountain Corporation (U.S.)	Ass.	Manufacturing, distribution, and sales of pet care products
Oceania	Ocean Coal Mining Pty. Ltd. (Australia)	Sub.	Investment in the Isaac Plains coal mine in Australia
	SC Mineral Resources Pty. Ltd. (Australia)	Sub.	Investment in the Northparkes copper mine in Australia
	Sumisho Coal Australia Pty. Ltd. (Australia)	Sub.	Investment in coal mines in Australia
	Summit Rural Western Australia Pty. Ltd. (Australia)	Sub.	Import of fertilizer materials and sale of chemical fertilizers in Western Australia
Africa	Ambatovy Minerals S.A. (Madagascar)	Ass.	Mining of Ambatovy nickel project in Madagascar
	Dynatec Madagascar S.A. (Madagascar)	Ass.	Processing and refining of Ambatovy nickel project in Madagascar
	Oresteel Investments (Proprietary) Limited (South Africa)	Ass.	Investment in Assmang iron ore and manganese mine in South Africa

		Subsidiary/ Associated Company	Main Business
DOMESTIC			
Japan	Nippon Katan Co., Ltd.	Sub.	Manufacture and sale of power line hardware
	SC Machinery & Service Co., Ltd.	Sub.	Sales of equipment for automotive industries and factory automation products
	Sumisho Airbag Systems Co., Ltd.	Sub.	Manufacture and sale of cushions for side curtain airbags
	Sumisho Material Chugoku Co., Ltd.	Sub.	Sale of steel materials for civil engineering and construction
	Sumisho Montblanc Co., Ltd.	Sub.	Processing and sale of work uniforms and related clothing products
	Tortoise Co., Ltd.	Sub.	Sale of interior goods and home furnishing to consumers' cooperatives
OVERSEAS			
The Middle East	Mezon Stainless Steel FZCO (UAE)	Sub.	Sales of stainless steel tubular, pipe, and plates
	SC Tubular and Steel Products (M.E.) FZCO (UAE)	Sub.	Sale of steel tubular and steel products
Europe	Sumisho Global Logistics Europe GmbH (Germany)	Sub.	Forwarding, logistics business
	Summit D&V Kft. (Hungary)	Sub.	OEM supply, sub-assembly and sequence delivery of automotive components
	Summit Auto Poland Sp. z.o.o. (Poland)	Sub.	Dealership of Honda motor vehicles
	Summit Motors Poland Sp. z.o.o. (Poland)	Sub.	Dealership of Ford motor vehicles
	Summit Motors Slovakia s.r.o (Slovakia)	Sub.	Import and sale of Ford motor vehicles and parts
	Summit Leasing Slovenija d.o.o. (Slovenia)	Sub.	Financing of motor vehicles and dealership
	Summit Motors Ljubljana d.o.o. (Slovenia)	Sub.	Import and sale of Ford motor vehicles and parts
	Tecnosumit (Tecnologia para La Construccion y Mineria S.L.) (Spain)	Sub.	Holding and management company of Komatsu distributors and other business in Europe
	SC Motors Sweden AB (Sweden)	Sub.	Management company of automotive distributorship and wholesale of parts and accessories
	ERYNGIUM Ltd. (U.K.)	Sub.	Manufacturing, processing and distribution of speciality metals for OCTG market
	Sumitomo Corporation Capital Europe Plc (U.K.)	Sub.	Financial services to Group companies
The Americas	Summit Tubulars Corporation (Canada)	Sub.	Sales of tubular products for oil and gas industry
	AMTB Summit, S DE R.L. DE C.V. (Mexico)	Ass.	Blanking and laser-welding of steel parts for automotive industry
	Atlantic Hills Corporation (U.S.)	Sub.	Investment in house developments
	Consolidated Systems, Inc (U.S.)	Ass.	Manufacturing and sales of steel products for construction
	Diversified CPC International, Inc. (U.S.)	Sub.	Mixing, refining, and sale of aerosol gases
	Global Stainless Supply, Inc. (U.S.)	Sub.	Wholesale of stainless steel tubes
	Linder Industrial Machinery Company (U.S.)	Sub.	Sales and rental of construction equipment
	Maruichi Leavitt Pipe & Tube, LLC (U.S.)	Ass.	Manufacturing of structural tubing
	123 Mission LLC (U.S.)	Sub.	Office building leasing
	Oxford Finance LLC (U.S.)	Ass.	Specialty finance dedicated to life science and healthcare industry
	Pipeco Services, Inc (U.S.)	Sub.	Sales of tubular products for oil and gas industry
	Premier Pipe LLC (U.S.)	Sub.	Sales of tubular products for oil and gas industry
	Pyramid Tubular Products, L.P. (U.S.)	Ass.	Sales of tubular products for oil and gas industry
	SCOA Residential, LLC (U.S.)	Sub.	Investment in house/apartment developments
	1750 K Street LLC (U.S.)	Sub.	Office building leasing
	Stanton Wind Energy, LLC (U.S.)	Ass.	Investment in wind power plant projects
	Steel Summit Holdings, Inc. (U.S.)	Sub.	Shearing, slitting, and sale of steel sheets
	Steel Summit International, Inc. (U.S.)	Sub.	Sales of steel products
	Sumisho Global Logistics (USA) Corporation (U.S.)	Sub.	International intermodal transport
	Summit Wind Energy Inc. (U.S.)	Sub.	Investment in wind power plant projects
	Sunstate Equipment Co., LLC (U.S.)	Sub.	Sales and rental of construction equipment
	TBC Corporation (U.S.)	Sub.	Retail and wholesale of tires
	The Hartz Mountain Corporation (U.S.)	Ass.	Manufacturing, distribution, and sales of pet care products
	Tubular Solutions Alaska, LLC (U.S.)	Sub.	Sales of tubular products for oil and gas industry
	Unique Machine, LLC (U.S.)	Sub.	Threading and processing of tubular products for oil and gas industry
	VAM USA, LLC (U.S.)	Ass.	Threading and processing of tubular products for oil and gas industry
	V & M Star LP (U.S.)	Ass.	Seamless tubular products mill
OTHERS			
Japan	Sumisho Administration Services Co., Ltd.	Sub.	Personnel and general affairs services
	Sumisho Materials Corporation	Sub.	Trading of precious metals and other products
	Sumitomo Shoji Financial Management Co., Ltd.	Sub.	Financial services such as cash management, trade settlement, and accounting services to Sumitomo Corporation and its subsidiaries
	Sumitomo Shoji Research Institute, Inc.	Sub.	Research and consulting arm of Sumitomo Corporation Group
Europe	SCMI LIMITED (U.K.)	Sub.	Trading of precious metals and base metals
	Sumitomo Corporation Global Commodities Limited (U.K.)	Sub.	Trading and marketing of commodities

Corporate Profile

(As of March 31, 2013)

■ **Company Name:**	Sumitomo Corporation
■ **Date of Establishment:**	December 24, 1919
■ **Sumitomo Corporation Shareholders' Equity:**	¥2,052.8 billion
■ **Fiscal Year:**	From April 1 of each year through March 31 of the following year
■ **Number of Consolidated Subsidiaries:**	562 (Overseas 436, Domestic 126)
■ **Associated Companies [equity method]:**	237 (Overseas 187, Domestic 50)
■ **Total:**	799
■ **Number of Employees:**	Total, including Consolidated Subsidiaries 73,953 Non-consolidated 5,213
■ **Headquarters:**	1-8-11, Harumi, Chuo-ku, Tokyo 104-8610, Japan
■ **URL:**	http://www.sumitomocorp.co.jp/english/

Stock Information

(As of April 1, 2013)

■ **Stock Listings:**	Tokyo, Osaka*, Nagoya, Fukuoka
■ **American Depository Receipts:**	
Ratio:	1ADR:1ORD
Exchange:	OTC (Over-the-Counter)
Symbol:	SSUMY
CUSIP Number:	865613103
■ **Depository and Registrar:**	Citibank, N.A. Global Transaction Services Depositary Receipts Services, P.O. Box 43077, Providence, Rhode Island 02940-3077, U.S.A.
Toll Free Number:	1-877-248-4237 (CITI-ADR)
Overseas Dial-in:	1-781-575-4555
e-mail:	citibank@shareholders-online.com
URL:	http://www.citi.com/adr

* On July 16, 2013, the cash equity market of the Osaka Securities Exchange was integrated into that of the Tokyo Stock Exchange.

■ Number of Issued Shares: 1,250,602,867 (including 107,467 treasury shares)

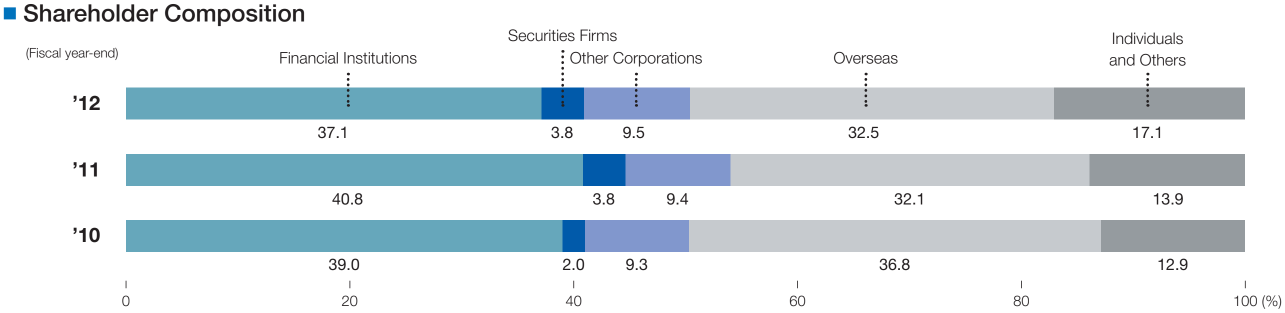
■ Number of Shareholders: 154,292

■ Major Shareholders

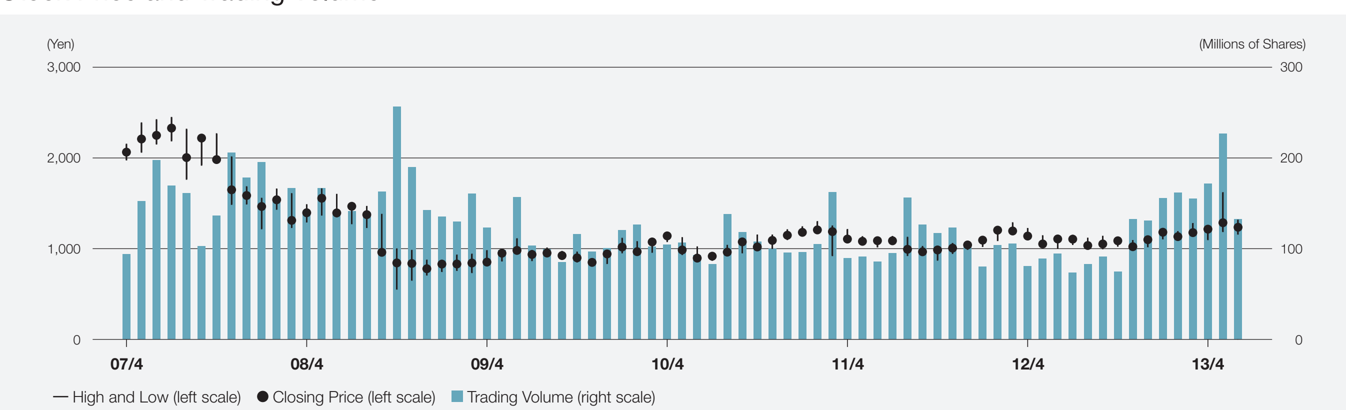
(As of March 31, 2013)

Name	Number of Shares (In Thousands of Shares)	Shareholding Ratio (%)
1 The Master Trust Bank of Japan, Ltd. (trust account)	80,348	6.43
2 Japan Trustee Services Bank, Ltd. (trust account)	66,915	5.35
3 Liberty Programming Japan, Inc.	45,652	3.65
4 Sumitomo Life Insurance Company	30,855	2.47
5 Mitsui Sumitomo Insurance Company, Limited	27,227	2.18
6 SSBT OD05 Omnibus Account-Treaty Clients	27,098	2.17
7 Japan Trustee Services Bank, Ltd. (trust account 9)	23,605	1.89
8 Nippon Steel & Sumitomo Metal Corporation	17,201	1.38
9 Nippon Life Insurance Company	16,532	1.32
10 Barclays Securities Japan Limited	15,985	1.28

■ Shareholder Composition



Stock Price and Trading Volume



		12/4	5	6	7	8	9	10	11	12	13/1	2	3	4	5	6
Stock Price (Yen)	Closing Price	1,140	1,053	1,108	1,106	1,036	1,053	1,088	1,023	1,100	1,182	1,134	1,178	1,216	1,287	1,237
	High	1,221	1,141	1,123	1,145	1,114	1,135	1,099	1,088	1,114	1,188	1,187	1,276	1,240	1,616	1,313
	Low	1,114	1,034	1,006	1,048	1,034	1,001	1,029	984	1,023	1,110	1,123	1,138	1,101	1,190	1,162
Trading Volume (in Thousands of Shares)		80,876	89,184	94,738	73,714	82,959	91,186	74,668	132,273	130,680	155,831	162,005	154,947	171,431	226,762	132,457

Note: Above stock prices and trading volume are based on Tokyo Stock Exchange data.

FINANCIAL SECTION

Management's Discussion and Analysis of Financial Condition and Results of Operations

1. INTRODUCTION

We are an integrated trading company (*sogo shosha*) engaged in a wide range of business activities on a global basis. Our business foundation consists of trust, global relations with over 100,000 business partners around the world, a global network with offices and subsidiaries worldwide, intellectual capital and advanced functions in business development, logistic solutions, financial services, IT solutions, risk management and intelligence gathering and analysis. Through integration of these elements, we provide a diverse array of value to our customers. Based on this business foundation and these functions, we engage in general trading of a wide range of goods and commodities and in various business activities. We act as both principal and agent in these trading transactions. We also provide a range of services for a variety of industries, such as: financing for customers and suppliers; planning, coordination and operation of urban and industrial infrastructure projects; consulting in areas such as system integration and technology development; and transportation and logistics. In addition, we engage in other diverse business activities, including investing in a variety of industries ranging from photovoltaic power generation to communications; developing natural resources; manufacturing and processing products such as steel products and textiles; developing and managing real estate; and operating retail stores.

We conduct our business through seven industry-based business segments and two sets of regional operations (domestic and overseas). Our industry-based business segments are:

- Metal Products
- Transportation & Construction Systems
- Infrastructure
- Media, Network & Lifestyle Retail
- Mineral Resources, Energy, Chemical & Electronics
- General Products & Real Estate
- New Industry Development & Cross-function

Each business segment operates with a degree of autonomy in pursuing its strategic goals, managing operations and ensuring accountability. Each business unit also has its own planning and administration department which has a function of risk assessment to enable prompt decision-making and facilitate efficient operation. In today's increasingly global business environment, our worldwide network of offices, subsidiaries and associated companies, and our global relationships with customers, suppliers and business partners have allowed us to conduct and expand our operations around the world. Our seven industry-based business units and domestic and overseas operations regularly collaborate with one another to leverage their combined strengths to conduct their respective businesses more effectively as well as to meet our corporate targets and goals. We have designed our infrastructure to centralize and consolidate information from all of our business units and domestic and overseas operations to facilitate proper integration and risk control.

In April 2013, based on a strategic review of our business units and fields of business, we reorganized our seven business units into five business units. By broadening the coverage of the organizational units, we aim for greater dynamism and flexibility in our operation. The industry-based business segments after the reorganization are:

- Metal Products
- Transportation & Construction Systems
- Environment & Infrastructure
- Media, Network, Lifestyle Related Goods & Services
- Mineral Resources, Energy, Chemical & Electronics

Note: As used in this "Management's Discussion and Analysis of Financial Condition and Results of Operations," "the Company" is used to refer to Sumitomo Corporation, and "the Companies" is used to refer to the Company and its subsidiaries, unless otherwise indicated.

2. OUR MEDIUM-TERM TARGETS

The following discussion of our medium-term targets contains forward-looking statements and measures that have been calculated based on a number of judgments, estimates and assumptions. Unless otherwise stated, the forward-looking statements reflect management's current assumptions and expectations of future events as of March 31, 2013. Accordingly, they are inherently susceptible to uncertainties and changes in circumstances and are not guarantees of future performance.

Over the two year period through March 2013, we undertook implementation of the medium-term management plan $f(x)$. Under this plan, in keeping with our Corporate Mission Statement, which defines value creation as our corporate vision, we aimed to achieve growth together with all our partners, working across regional, generational, and organizational boundaries and executing business model innovation so as to meet the demands of the times. For this purpose we focused our efforts on four key actions: (1) make visible and share long-term ideal images on the front lines, (2) accelerate strategic resource management,

(3) enhance our integrated corporate strength on a global basis, and (4) strengthen human resources management on a company-wide level.

In quantitative terms, in fiscal 2011 our consolidated net income* reached ¥250.7 billion, a record high, but in fiscal 2012, because of factors including the decline in the prices of resources, the figure was ¥232.5 billion. Meanwhile, thanks to active efforts to replace existing assets, we were able to keep our interest-bearing liabilities more or less unchanged from their level at the start of ƒ(x), and we improved our net debt-equity ratio** to 1.4 times. Our free cash flow over the two-year period was a positive inflow of ¥248.8 billion.

In April 2013, we launched our new medium-term management plan, "Be the Best, Be the One 2014." We have adopted "Be the Best, Be the One" as the vision of what we aim to be as we approach the centennial of our company's foundation in fiscal 2019. In order to achieve this vision, we are positioning the first two years, during which we will be implementing this new plan, as the stage of heading for a higher level of profit growth.

Under "Be the Best, Be the One 2014," while promoting the working of our corporate metabolism by replacing old with new from a medium- and long-term viewpoint, we will have each workplace of our business operations pursue its own strengths and capabilities and at the same time pool the strengths and capabilities inside and outside the company through efforts including the building of strategic partnerships. In addition, through the strengthening of our business investment management power and overseas regional organizations, the maintenance of financial soundness, and the development of our human resources we need, we will evolve our management base into a stronger one in support of the front lines of our businesses. In quantitative terms, we have set our targets for consolidated net income at ¥240.0 billion for fiscal 2013 and ¥270.0 billion for fiscal 2014.

The quantitative targets and balance sheet plan for "Be the Best, Be the One 2014" are indicated below.

Quantitative targets		
Consolidated net income	FY2013	¥240.0 billion
	FY2014	¥270.0 billion
Risk-adjusted return ratio		approx. 12% (each fiscal year)
ROA		3% or more (each fiscal year)

Balance sheet plan (Two-year totals)	
	Total assets
New investment and loans	¥ 750.0 billion
Divestiture and reduction of assets	¥(770.0) billion

* "Consolidated net income" presented above is equivalent to "profit attributable to owners of the parent" under IFRSs.
** "Net debt-equity ratio" is calculated by dividing Interest-bearing liabilities (net) by "equity attributable to owners of the parent."

3. ECONOMIC ENVIRONMENT

During the period under review (fiscal 2012), advanced countries energetically loosened their monetary policies in the face of the economic downturn in Europe and the delay in China's recovery, but uncertainty over the European debt problem acted as a drag on the global economy, and growth decelerated. International commodity markets lacked clear direction throughout the period, reflecting the softness of demand.

The Japanese economy benefited from the emergence of full-scale recovery demand relating to the Great East Japan Earthquake, but meanwhile the end of the effect of earlier stimulus measures caused internal demand to sag, and exports declined because of the sluggishness in European economies and the deterioration in Japan-China relations, causing the loss of speed to become clearly visible. In January 2013, however, a new set of emergency economic measures was announced, and the correction of the overvalued yen, combined with higher stock prices, led to increased hopes for a recovery.

4. CERTAIN LINE ITEMS IN OUR CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

The following is a description of certain line items in our Consolidated Statement of Comprehensive Income:

Revenues. We categorize our revenues into sales of tangible products and sales of services and others. We generate revenues from sales of tangible products:

- in connection with our wholesale, retail, manufacturing and processing operations;
- in connection with our real estate operations; and
- under long-term construction contracts.

We generate revenues from the sale of services and others in connection with:

- customized software development and other software related services;
- loans, finance leases and operating leases of commercial real estate, automobiles, vessels and aircrafts; and
- other service arrangements, such as arranging finance and coordinating logistics in connection with trading activities.

The Companies enter into transactions that include multiple-element software and non-software related revenue arrangements, which may include any combination of products, equipment, software, installation services and/or financing. A multiple-element arrangement is separated into more than one unit of accounting if certain criteria are met.

Gross Profit. Gross profit primarily consists of:

- gross profit on transactions for which we act as a principal; and
- fees and commissions received on transactions for which we act as an agent.

To the extent revenues are recorded on a gross basis, any expenses or commissions or other payments to third parties that are directly attributable to the sales are recorded as cost of sales. Gross profit reflects the net amount of gross revenues after cost of sales. As part of sales of services and others, we recognize revenues from fees and commissions on a net basis. As a result, sales of services and others contribute a larger portion of our gross profit than they do of our revenues. For the fiscal year ended March 31, 2013, sales of services and others accounted for 19.4% of our total revenues, and the gross profit from sales of services and others accounted for 48.2% of our gross profit.

Impairment Losses on Long-Lived Assets. At the end of each reporting period, the carrying amounts of non-financial assets, excluding inventories, deferred tax assets, and biological assets are assessed whether there is any indication of impairment. If any such indication exists, the recoverable amount of the non-financial asset is estimated. Regarding goodwill, intangible assets with indefinite useful lives and intangible assets not yet available for use, the recoverable amount is estimated at the same time every year. If the carrying amount of an asset or a cash-generating unit ("CGU") exceeds the recoverable amount of it, an impairment loss is recognized in profit or loss. Impairment losses on long-lived assets includes reversals of impairment losses when applicable.

Gain (Loss) on Sale of Property, Plant and Equipment, Net. As a result of strategic and active replacement of our asset portfolio, we may, at times, recognize gains and losses on sales of some of our real estate assets.

Dividends. Dividends reflect dividends declared by companies in which we hold interests other than our consolidated subsidiaries or equity-accounted investees.

Gain (Loss) on Securities and Other Investments. We maintain a significant level of investments in order to supplement our trading activities. Among those investments, financial assets measured at fair value through profit and loss ("FVTPL") are initially measured at fair value. Subsequently, they are measured at fair value, and gains and losses arising from changes in fair value are recognized in profit or loss. Financial assets measured at amortized cost are initially measured at fair value. Subsequently, the carrying amount of the financial assets measured at amortized cost is calculated using the effective interest method, less impairment losses when necessary.

We recognize gains and losses on sales of our financial assets measured at amortized cost and investments in our consolidated subsidiaries or equity-accounted investees when we elect to sell investment holdings.

Share of Profit of Investments Accounted for Using the Equity Method. In connection with our investment strategy and the development of business opportunities, we may, from time to time, acquire or make investments in newly established or existing companies, enter into joint ventures with other entities or form strategic business alliances with industry participants, in each case in a variety of business segments. In general, we account for the earnings or losses of any such investee under the equity method when the level of the investment is between 20% and 50% of the total voting equity of the investee.

Exchange Differences on Translating Foreign Operations. Assets and liabilities of foreign operations (including goodwill and fair value adjustments arising on the acquisition of foreign operations) are translated into Japanese yen using the spot exchange rate at the reporting date. Income and expenses are translated into Japanese yen at the average spot exchange rates for the period.

Exchange differences arising from translation of financial statements of foreign operations are recognized in other comprehensive income. These differences are presented as "Exchange differences on translating foreign operations" in Other components of equity after the date of transition to IFRSs.

Financial Assets Measured at Fair Value Through Other Comprehensive Income. Financial assets measured at fair value through other comprehensive income ("FVTOCI") are initially measured at their fair value (including directly attributable transaction costs). Subsequently, they are measured at fair value, and changes in fair value are recognized in other comprehensive income.

Cash-Flow Hedges. When derivatives are designated as hedging instruments to hedge the exposure to variability in cash flows that are attributable to particular risks associated with recognized assets or liabilities or highly probable forecast transactions which could affect profit or loss, the effective portion of changes in the fair value of derivatives is recognized in other comprehensive income.

Actuarial Gains (Losses) on Defined Benefit Pension Plans. The Companies recognize all of the actuarial gains and losses arising from defined benefit plans in other comprehensive income.

Total Trading Transactions. Total trading transactions is a voluntary disclosure and represents the gross transaction volume of trading transactions, or the nominal aggregate value of the transactions for which we act as a principal or as an agent. Total trading transactions is not meant to represent sales or revenues in accordance with IFRSs. Total trading transactions should not be construed as equivalent to, or a substitute or proxy for, revenues, or as an indicator of our operating performance, liquidity or cash flows generated by operating, investing or financing activities. A substantial part of total trading transactions represents transactions in which we participate without physical acquisition of goods or without significant inventory risk. We have included the information concerning total trading transactions because it is used by similar Japanese trading companies as an industry benchmark, and we believe it is a useful supplement to results of operations data as a measure of our performance compared to other similar Japanese trading companies.

5. CRITICAL ACCOUNTING POLICIES

The preparation of our consolidated financial statements in accordance with IFRSs requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. On an ongoing basis, we evaluate our estimates, which are based on historical experience and various other assumptions that are believed to be reasonable under the circumstances. The results of these evaluations form the basis for making judgments about the carrying values of assets and liabilities and the reported amounts of revenues and expenses that are not readily apparent from other sources. Actual results may differ from those estimates under different assumptions. For a summary of our significant accounting policies, including the critical accounting policies discussed below, see Note 3 to our consolidated financial statements.

The following are the critical accounting policies that are important to our financial condition and results of operations and require significant management judgments and estimates:

Revenue Recognition

Most of our revenues are the result of (i) the sale of tangible products in connection with our wholesale, retail, manufacturing, and processing operations from which revenue is recognized based on the transfer of title, delivery or shipment, or the attainment of customer acceptance, and (ii) from the provision of services and other sales, from which revenue is recognized based on the delivery of the services. Revenue recognition in these situations does not involve difficult, subjective or complex judgments or estimations.

Recognition of revenue using the percentage-of-completion method for certain long-term construction-type arrangements is based on the ratio of costs incurred to total estimated project costs and is dependent on our ability to estimate these costs reliably. The impact of revisions of profit estimates on fixed price contracts is recognized in the period in which the revisions are made; anticipated losses on fixed price contracts are charged to profit or loss when losses can be estimated; and provisions are recognized when a present obligation is identified and the amount can be estimated reliably.

Revenue Presentation—Gross Versus Net

Acting as an intermediary in executing transactions with third parties is a distinctive role of an integrated trading company (*sogo shosha*). In recognizing revenue from transactions, we must determine whether we are acting as a "principal" in the transaction, and should report revenue on a gross basis based on the sales amount of the transaction, or acting as an "agent" in the transaction, and should recognize net fees or commissions earned. The evaluation of the relevant factors in making this determination is subject to significant subjective judgments. In certain situations, others might make a different determination. Similarly, if our risks and obligations in a certain type of transaction change, the determination of whether revenue should be recognized on a net or gross basis for that type of transaction may also change. Revenues related to a substantial portion of the trading transactions in all our business segments are recognized on a net basis. The amounts of gross profit and profit for the year attributable to owners of the parent are not affected by whether revenue is reported on a gross or net basis.

Factors that indicate that we are acting as a principal, and thus should recognize revenue on a gross basis include:

- the Companies have the primary responsibility for providing the goods or services to the customer or for fulfilling the orders;
- the Companies have inventory risk before or after the customer order, during shipping or on return;
- the Companies have latitude in establishing prices, either directly or indirectly; and
- the Companies bear the customer's credit risk for the amount receivable from the customer.

Factors that indicate that we are acting as an agent, and thus should recognize revenue on a net basis relative to the service offered include:

- the consideration of services rendered (commission or fee) is fixed; and
- the consideration is determined by multiplying the amount of goods and services provided to customers by a stated percentage.

Impairment of Financial Assets Measured at Amortized Cost

We engage in a variety of businesses and carry financial assets measured at amortized cost. To ascertain whether these financial assets are impaired, we regularly assess them for objective evidence of impairment, which includes default or delinquency of the borrower. The fair value of these assets for which impairment losses are recognized is determined based on estimated future cash flows discounted at the effective interest rate.

Financial Assets Measured at Fair Value

We carry financial assets measured at fair value such as marketable securities, and other investments. The Companies have decided to classify equity instruments into FVTOCI or FVTPL. Financial assets classified as FVTOCI are held in order to maintain and reinforce business relationships with investees to expand the Companies' revenue base and of which changes in fair values are not included in the assessment of business performance. Financial assets classified as FVTPL are held to make profits from the changes in fair values and are included in the assessment of business performance. Fair values of these assets are based on market prices or determined by the discounted future cash flow method, profitability and net assets of the investees, and other valuation approaches.

Recoverability of Non-Financial Assets

We maintain significant non-financial assets in the operation of our global business. We review non-financial assets, such as real estate and intangibles subject to amortization, for impairment whenever events or changes in circumstances suggest that the carrying amount of such assets may not be recoverable. Determining whether impairment has occurred typically requires various estimates and assumptions, including determining whether cash flows are directly related to the potentially impaired asset, the useful life over which cash flows will occur, their amount, and the asset's residual value, if any. We also review goodwill and other intangible assets with indefinite useful lives for impairment at least annually, or more often if events or circumstances, such as adverse changes in the business climate, indicate that there may be impairment. In turn, we estimate the recoverable amount at the impairment tests. The recoverable amount of an asset or a cash-generating unit is the higher of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the time value of money and the risks specific to the asset. We derive cash flow estimates from our historical experience and our internal business plans, and discount them by applying an appropriate discount rate. Changes in strategy or in market conditions could significantly affect these estimates.

Tax Asset Valuation

We reduce deferred tax assets when, in management's judgment, it is more likely than not that the deferred tax assets, or a portion thereof, will not be realized. In assessing the realizability of deferred tax assets, we must determine whether we will be able to generate adequate future taxable income in the tax jurisdictions that give rise to the deferred tax assets during the periods in which the underlying temporary differences become deductible or before tax net operating loss carryforwards expire. We consider all available evidence, both positive and negative, in making this assessment. Determination of the deferred tax assets is based on estimates and judgment. A change in the ability of our operations to generate future taxable income in the tax jurisdictions that give rise to the deferred tax assets could change our assessment as to the realizability of these assets.

6. RESULTS OF OPERATIONS

Fiscal Year Ended March 31, 2013 Compared to Fiscal Year Ended March 31, 2012

Total Revenues. Total revenues totaled ¥3,016.2 billion, representing a decline of ¥244.8 billion, or 7.5%, from ¥3,261.0 billion in the previous year. This was attributable in part to factors such as the switch of Sumitomo Mitsui Auto Service Company, Limited to the status of an associated company accounted for by the equity method.

Gross Profit. Gross profit totaled ¥827.0 billion, down by ¥91.8 billion, or 10.0%, from ¥918.8 billion in the previous year. This was due to factors such as the switch of Sumitomo Mitsui Auto Service Company, Limited and Jupiter Shop Channel Co., Ltd. to the status of associated companies accounted for by the equity method, in addition to a decline in a profit at coal-mining operations in Australia.

Selling, General and Administrative Expenses. Selling, general and administrative expenses totaled ¥657.1 billion, a decrease of ¥29.3 billion, or 4.3%, from ¥686.4 billion in the previous year. This was owing mainly to the switch of Sumitomo Mitsui Auto Service Company, Limited and Jupiter Shop Channel Co., Ltd. to the status of associated companies accounted for by the equity method.

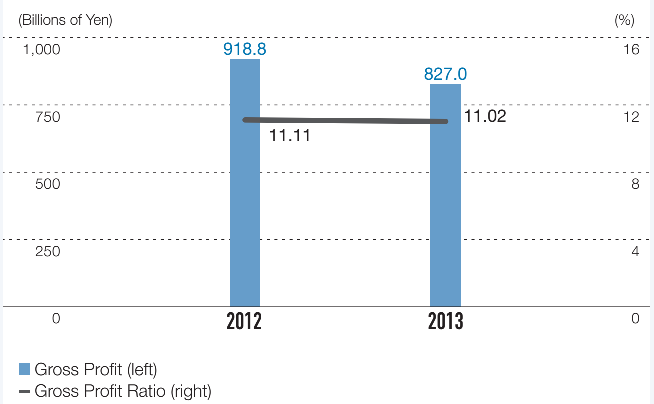
Gain (loss) on securities and other investments, net. Gain (loss) on securities and other investments, net totaled ¥51.5 billion, up by ¥36.7 billion, or 248.0%, from ¥14.8 billion in the previous year. Factors contributing to this included a gain resulting from selling part of our holding in Jupiter Shop Channel Co., Ltd.

Share of profit of investments accounted for using the equity method. Share of profit of investments accounted for using the equity method totaled ¥107.4 billion, a decrease of ¥3.2 billion, or 3.0%, from ¥110.6 billion in the previous year. This decline was attributable to factors such as falls in the earnings of Group companies in mineral resource fields, while there was the switch of Sumitomo Mitsui Auto Service Company, Limited and Jupiter Shop Channel Co., Ltd. to the status of associated companies accounted for by the equity method.

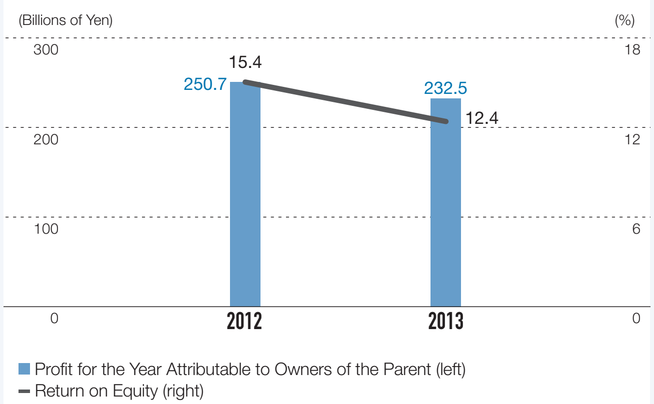
Profit for the year attributable to owners of the parent. As a result of the above, profit for the year attributable to owners of the parent totaled ¥232.5 billion, representing a decline of ¥18.2 billion, or 7.3%, from ¥250.7 billion in the previous year.

Comprehensive income for the year attributable to owners of the parent. Comprehensive income for the year attributable to owners of the parent totaled ¥439.8 billion, up by ¥259.8 billion, or 144.3%, from ¥180.0 billion in the previous year. This was due primarily to factors such as an improvement in exchange differences on translating foreign operations owing to yen's depreciation, while there was a decrease in profit for the year attributable to owners of the parent.

Gross Profit & Gross Profit Ratio (Gross Profit / Total Trading Transactions)



Profit for the Year Attributable to Owners of the Parent & Return on Equity



7. OPERATING SEGMENT ANALYSIS

We manage and assess our business using nine operating segments, including seven operating segments based on industries and two operating segments based on a geographical focus.

We conduct our business using seven business segments based on industries, including: Metal Products; Transportation & Construction Systems; Infrastructure; Media, Network & Lifestyle Retail; Mineral Resources, Energy, Chemical & Electronics; General Products & Real Estate; and New Industry Development & Cross-function.

In addition, we conduct our business in regional operations—domestic and overseas. Domestically, in addition to our subsidiaries and offices throughout Japan, we have three regional business units, which are distinct from the industry-based business units, that oversee activities in the Kansai, Chubu and Kyushu-Okinawa regions. Our overseas operations are conducted by our overseas subsidiaries, such as Sumitomo Corporation of America, and branch offices. These regional operations conduct trading activities in all industry sectors based on their specialized knowledge of the regions. In addition, they work together on certain projects with our industry-based business units in order to develop products and services that are more focused on a particular region. In such cases, revenues and expenses are shared by the units based on their respective roles. These regional operations constitute the “Domestic Regional Business Units and Offices” and “Overseas Subsidiaries and Branches” segments in our consolidated financial statements.

The following table sets forth our operating results by operating segments for the fiscal years ended March 31, 2013 and 2012.

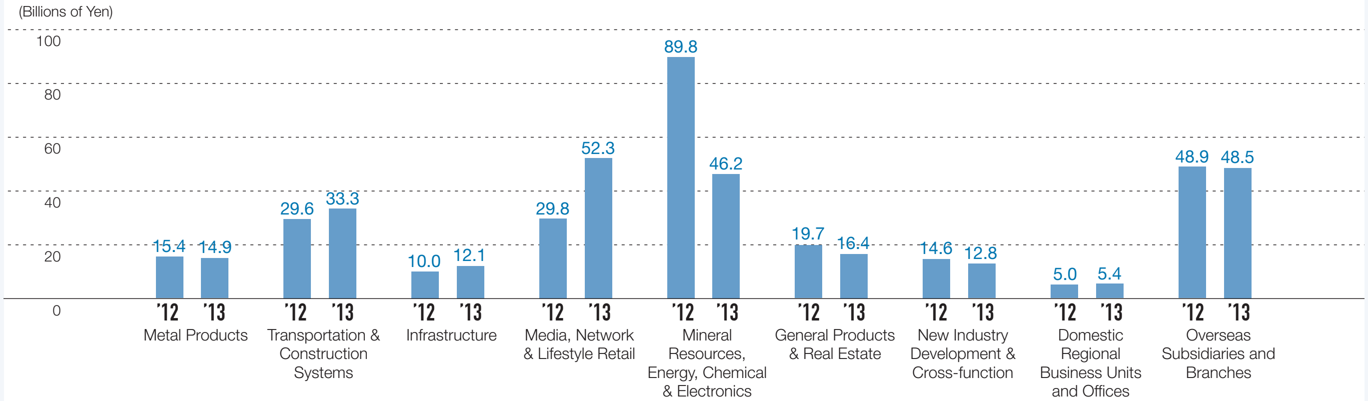
Breakdown of Gross Profit by Operating Segment

	Billions of Yen				Millions of U.S. Dollars
For the years ended March 31, 2013 and 2012	**2013**	2012	Increase/ decrease	Increase/ decrease	**2013**
Metal Products	**¥ 64.6**	¥ 66.8	¥ (2.2)	(3.3)%	**$ 688**
Transportation & Construction Systems	**118.2**	147.1	(28.9)	(19.6)	**1,257**
Infrastructure	**34.5**	31.2	3.3	10.6	**368**
Media, Network & Lifestyle Retail	**186.5**	221.1	(34.6)	(15.6)	**1,984**
Mineral Resources, Energy, Chemical & Electronics	**79.6**	112.8	(33.2)	(29.4)	**846**
General Products & Real Estate	**100.5**	100.2	0.3	0.3	**1,069**
New Industry Development & Cross-function	**27.0**	27.8	(0.8)	(2.9)	**287**
Domestic Regional Business Units and Offices	**38.3**	37.7	0.6	1.6	**407**
Overseas Subsidiaries and Branches	**184.8**	179.0	5.8	3.2	**1,966**
Segment Total	**834.0**	923.7	(89.7)	(9.7)	**8,872**
Corporate and Eliminations	**(7.0)**	(4.9)	(2.1)	(42.9)	**(75)**
Consolidated	**¥827.0**	¥918.8	¥(91.8)	(10.0)%	**$8,797**

Breakdown of Profit for the Year Attributable to Owners of the Parent by Operating Segment

	Billions of Yen				Millions of U.S. Dollars
For the years ended March 31, 2013 and 2012	**2013**	2012	Increase/ decrease	Increase/ decrease	**2013**
Metal Products	**¥ 14.9**	¥ 15.4	¥ (0.5)	(3.2)%	**$ 158**
Transportation & Construction Systems	**33.3**	29.6	3.7	12.5	**355**
Infrastructure	**12.1**	10.0	2.1	21.0	**129**
Media, Network & Lifestyle Retail	**52.3**	29.8	22.5	75.5	**556**
Mineral Resources, Energy, Chemical & Electronics	**46.2**	89.8	(43.6)	(48.6)	**491**
General Products & Real Estate	**16.4**	19.7	(3.3)	(16.8)	**174**
New Industry Development & Cross-function	**12.8**	14.6	(1.8)	(12.3)	**137**
Domestic Regional Business Units and Offices	**5.4**	5.0	0.4	8.0	**57**
Overseas Subsidiaries and Branches	**48.5**	48.9	(0.4)	(0.8)	**516**
Segment Total	**241.9**	262.8	(20.9)	(8.0)	**2,573**
Corporate and Eliminations	**(9.4)**	(12.1)	2.7	22.3	**(100)**
Consolidated	**¥232.5**	¥250.7	¥(18.2)	(7.3)%	**$2,473**

Profit for the Year Attributable to Owners of the Parent by Operating Segment



Fiscal Year Ended March 31, 2013 Compared to Fiscal Year Ended March 31, 2012

Metal Products

Gross profit totaled ¥64.6 billion, a decrease of ¥2.2 billion, or 3.3%, from ¥66.8 billion in the previous year. Profit for the year attributable to owners of the parent totaled ¥14.9 billion, representing a decline of ¥0.5 billion, or 3.2%, from ¥15.4 billion in the previous year. Tubular products business in North America performed stably, but the operations of the steel service centers suffered a decline in profit.

Transportation & Construction Systems

Gross profit totaled ¥118.2 billion, down by ¥28.9 billion, or 19.6%, from ¥147.1 billion in the previous year. This was attributable to factors such as the switch of Sumitomo Mitsui Auto Service Company, Limited to the status of an associated company accounted for by the equity method. Profit for the year attributable to owners of the parent totaled ¥33.3 billion, an increase of ¥3.7 billion, or 12.5%, from ¥29.6 billion in the previous year. This was due to factors such as temporary gains during the year as well as a strong performance by our automobile financing business in Asia.

Infrastructure

Gross profit totaled ¥34.5 billion, up by ¥3.3 billion, or 10.6%, from ¥31.2 billion in the previous year. This was owing to factors such as ongoing stable business performance by the Tanjung Jati B power plant. Profit for the year attributable to owners of the parent totaled ¥12.1 billion, an increase of ¥2.1 billion, or 21.0%, from ¥10.0 billion in the previous year.

Media, Network & Lifestyle Retail

Gross profit totaled ¥186.5 billion, representing a decline of ¥34.6 billion, or 15.6%, from ¥221.1 billion in the previous year. This was attributable to factors such as the switch of Jupiter Shop Channel Co., Ltd. to the status of an associated company accounted for by the equity method. Profit for the year attributable to owners of the parent totaled ¥52.3 billion, up by ¥22.5 billion, or 75.5%, from ¥29.8 billion in the previous year. Factors contributing to this included a gain resulting from selling part of our holding in Jupiter Shop Channel Co., Ltd., and robust performances by major Group companies.

Mineral Resources, Energy, Chemical & Electronics

Gross profit totaled ¥79.6 billion, a decrease of ¥33.2 billion, or 29.4%, from ¥112.8 billion in the previous year. This was due primarily to a decline in profit at coal-mining operations in Australia. Profit for the year attributable to owners of the parent totaled ¥46.2 billion, representing a decline of ¥43.6 billion, or 48.6%, from ¥89.8 billion in the previous year. This was attributable to a decline in profit at coal-mining operations in Australia and at copper operations, and to other factors such as the fact that temporary gains had been posted during the previous year.

General Products & Real Estate

Gross profit totaled ¥100.5 billion, up by ¥0.3 billion, or 0.3%, from ¥100.2 billion in the previous year. Profit for the year attributable to owners of the parent totaled ¥16.4 billion, a decrease of ¥3.3 billion, or 16.8%, from ¥19.7 billion in the previous year. This was owing mainly to a decrease in profit in the tire business in the US and in the banana business.

New Industry Development & Cross-function

Gross profit totaled ¥27.0 billion, down by ¥0.8 billion, or 2.9%, from ¥27.8 billion in the previous year. Profit for the year attributable to owners of the parent totaled ¥12.8 billion, representing a decline of ¥1.8 billion, or 12.3%, from ¥14.6 billion in the previous year. Although this segment was boosted by the performance of an aircraft leasing business acquired in June 2012, this was offset by other factors such as a temporary securities-related gain in the previous year resulting from the IPO of a company in which we had invested.

Domestic Regional Business Units and Offices

Gross profit totaled ¥38.3 billion, an increase of ¥0.6 billion, or 1.6%, from ¥37.7 billion in the previous year. Profit for the year attributable to owners of the parent totaled ¥5.4 billion, up by ¥0.4 billion, or 8.0%, from ¥5.0 billion in the previous year. This was due mainly to stable performance of the metal products business.

Overseas Subsidiaries and Branches

Gross profit totaled ¥184.8 billion, an increase of ¥5.8 billion, or 3.2%, from ¥179.0 billion in the previous year. This was owing to factors such as ongoing stable business performance by the Tanjung Jati B power plant. Profit for the year attributable to owners of the parent totaled ¥48.5 billion, representing a decline of ¥0.4 billion, or 0.8%, from ¥48.9 billion in the previous year. Although the tubular products business in North America registered stable performance, our subsidiaries in China suffered a year-on-year decline in profits.

8. LIQUIDITY AND CAPITAL RESOURCES

In general, we seek to fund our operations through cash flow from operations, bank debt and debt raised in the capital markets and issuance of commercial paper. Our basic policy for fund raising activities is to secure stable, medium-to long-term low-interest rate funds and liquidity for our operations.

As of March 31, 2013, we had ¥3,861.4 billion of bonds and borrowings. Our short-term debt, excluding current maturities of long-term debt, was ¥322.1 billion, an increase of ¥60.1 billion from the previous year. Our short-term debt consisted of ¥223.4 billion of loans, principally from banks, and ¥98.6 billion of commercial paper.

As of March 31, 2013, we had bonds and long-term debt of ¥3,539.3 billion, an increase of ¥187.5 billion from the previous year, including current maturities of ¥373.6 billion. As of March 31, 2013, the balance of our borrowings from banks and insurance companies was ¥3,035.2 billion, an increase of ¥131.5 billion from the previous year, and the balance of notes and bonds was ¥504.1 billion, an increase of ¥56.0 billion from the previous year.

Most of our loans from banks contain covenant provisions customary in Japan. We do not believe those provisions materially limit our operating or financial flexibility. However, several of the loan agreements require maintenance of certain financial ratios and minimum levels of tangible net worth. Under some agreements, principally with government-owned financial institutions, we may be required to make early repayments of an outstanding amount if the lender concludes that we are able to repay the outstanding amount through improved earnings or from the proceeds of an equity or debt offering, and makes such a prepayment request. Certain agreements provide that the banks may require the borrower to obtain bank approval prior to the payment of dividends and other appropriations of earnings. We have not been asked to make any such prepayments and currently do not anticipate any prepayment requests. See “Risk Factors—Risks stemming from restriction on access to liquidity and capital.”

In addition, we continuously determine various worst case scenarios, including the current financial market turmoil, to maintain adequate levels of liquidity in any market condition. As of March 31, 2013, we had several committed lines of credit available for immediate borrowing, providing an aggregate of up to $1,200 million and ¥445 billion in short-term loans. These lines of credit consist of:

- $1,100 million multi-borrower and multi-currency line of credit provided by a syndicate of major European and U.S. banks, under which we can obtain loans for Sumitomo Corporation or any of our subsidiaries in the United Kingdom, the United States and Singapore;
- $100 million U.S. dollar-denominated line of credit provided to Sumitomo Corporation of America by a major U.S. bank;
- ¥330 billion line of credit provided by a syndicate of major Japanese banks; and
- ¥115 billion line of credit provided by a syndicate of Japanese regional banks.

To date, we have not drawn on any of these lines of credit. We believe these lines of credit do not contain any material covenants, ratings triggers or other restrictions that could potentially impair our ability to draw down funds. We also have several uncommitted lines of credit.

As of March 31, 2013, our long-term and short-term credit ratings are A2/P-1 from Moody’s Investors Service, A/A-1 from Standard & Poor’s and AA–/a-1+ from Rating and Investment Information, Inc. In order to facilitate our access to capital markets for funding, we have established several funding programs, including:

- ¥200 billion Japanese shelf registration for primary debt offerings;
- ¥1.0 trillion commercial paper program in Japan;
- $1,500 million commercial paper program, established by our U.S. subsidiary, Sumitomo Corporation of America;
- U.S.$3,000 million Euro Medium Term Note program jointly established by Sumitomo Corporation Capital Europe, Sumitomo Corporation of America and Sumitomo Corporation Capital Asia; and
- U.S.$1,500 million Euro-denominated commercial paper program established by Sumitomo Corporation Capital Europe.

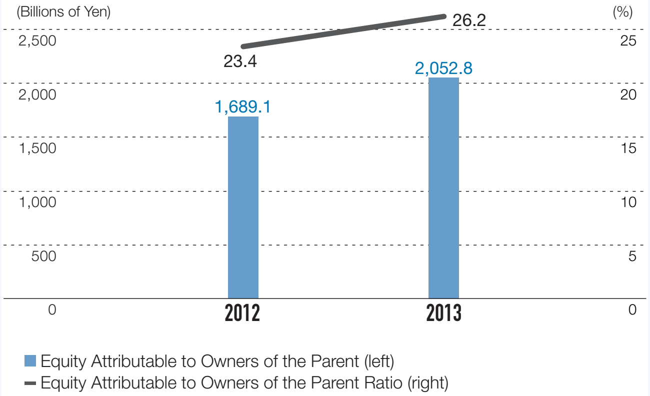
As of March 31, 2013, total assets stood at ¥7,832.8 billion, representing an increase of ¥606.0 billion from the previous year-end, in spite of the fact that we sold part of our shareholding in Jupiter Shop Channel Co., Ltd. Key factors causing the net rise were depreciation of the yen, an increase in our holding in a US company engaging in the rental of construction equipment, and participation in a project for tight-oil development in the US.

As of March 31, 2013, equity attributable to owners of the parent totaled ¥2,052.8 billion, up by ¥363.7 billion from March 31, 2012, due primarily to an increase in retained earnings and the impact of depreciation of the yen. The ratio of equity attributable to owners of the parent to total assets was 26.2%. Meanwhile interest-bearing liabilities (net) rose by ¥143.7 billion from the previous year-end, to ¥2,930.3 billion. In consequence, the net debt-equity ratio improved by 0.2 of a point from the previous year-end, to 1.4.

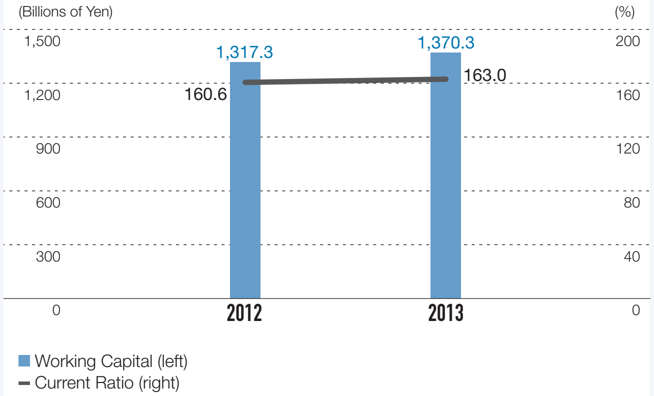
Liquidity and Capital Resources

	Billions of Yen		Millions of U.S. Dollars
As of March 31, 2013 and 2012	**2013**	2012	**2013**
Short-term	**¥ 322.1**	¥ 262.0	**$ 3,427**
Loans, principally from banks	**223.4**	163.4	**2,377**
Commercial paper	**98.6**	98.6	**1,050**
Long-term, including current maturities of long-term debt	**3,539.3**	3,351.8	**37,652**
Secured long-term debt			
Loans	**453.8**	395.3	**4,827**
Bonds	**52.6**	26.7	**560**
Unsecured long-term debt			
Loans	**2,581.4**	2,508.4	**27,462**
Bonds and notes	**451.5**	421.4	**4,803**
Interest-bearing liabilities (gross)	**3,861.4**	3,613.8	**41,079**
Cash and cash equivalents & time deposits	**931.1**	827.2	**9,905**
Interest-bearing liabilities (net)	**2,930.3**	2,786.6	**31,174**
Total assets	**7,832.8**	7,226.8	**83,327**
Equity attributable to owners of the parent	**2,052.8**	1,689.1	**21,838**
Equity attributable to owners of the parent ratio (%)	**26.2**	23.4	**26.2**
Debt-Equity Ratio (gross) (times)	**1.9**	2.1	**1.9**
Debt-Equity Ratio (net) (times)	**1.4**	1.6	**1.4**

Equity Attributable to Owners of the Parent & Equity Attributable to Owners of the Parent Ratio



Working Capital & Current Ratio (Current Assets / Current Liabilities)



The following table sets forth our cash flow information for the fiscal years ended March 31, 2013, and 2012:

Summary Statements of Consolidated Cash Flows

For the years ended March 31, 2013 and 2012	Billions of Yen 2013	Billions of Yen 2012	Millions of U.S. Dollars 2013
Net cash from operating activities	**¥ 280.3**	¥190.4	**$ 2,982**
Net cash used in investing activities	**(186.2)**	(35.7)	**(1,981)**
Free cash flow	**94.1**	154.7	**1,001**
Net cash from (used in) financing activities	**(24.7)**	(33.3)	**(262)**
Net (decrease) increase in cash and cash equivalents	**69.4**	121.4	**739**
Cash and cash equivalents at the beginning of year	**821.9**	704.3	**8,744**
Effect of exchange rate changes on cash and cash equivalents	**33.2**	(3.8)	**352**
Cash and cash equivalents at the end of year	**¥ 924.5**	¥821.9	**$ 9,835**

Net cash from operating activities totaled ¥280.3 billion for the fiscal year ended March 31, 2013, as our core businesses performed well in generating cash.

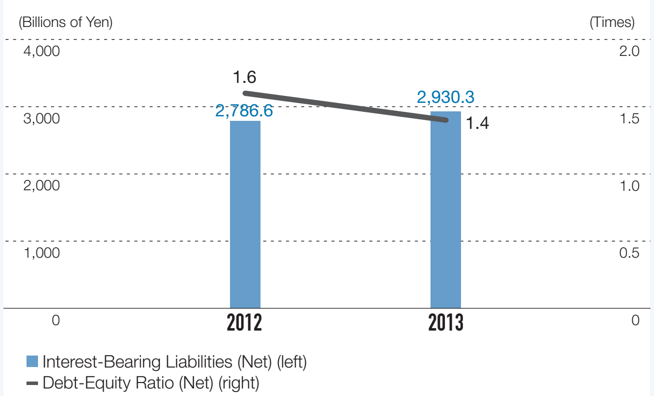
Net cash used in investing activities totaled ¥186.2 billion for the fiscal year ended March 31, 2013. In spite of selling some of our shares in Jupiter Shop Channel Co., Ltd., we made new investments for participation in a tight-oil development project in the US and the acquisition of a water supply and distribution company in the United Kingdom.

As a result of the above developments, free cash flow, calculated as net cash from operating activities plus net cash used in investing activities, totaled ¥94.1 billion for the fiscal year ended March 31, 2013.

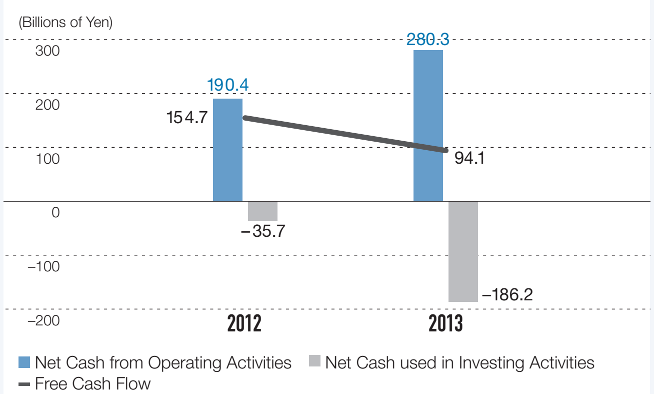
Net cash used in financing activities totaled ¥24.7 billion for the fiscal year ended March 31, 2013.

As a result, cash and cash equivalents increased by ¥102.6 billion from the end of the previous year, to ¥924.5 billion.

Interest-Bearing Liabilities (Net) & Debt-Equity Ratio (Net)



Cash Flows



As of March 31, 2013, our contractual cash obligations for the periods indicated were as follows:

Payments due by period

	Billions of Yen: Bonds and borrowings	Billions of Yen: Operating leases
Less than 1 year	¥ 695.7	¥ 43.5
1–2 years	412.9	40.6
2–3 years	488.2	31.9
3–4 years	515.3	27.7
4–5 years	423.9	25.3
More than 5 years	1,325.4	230.0
Total	¥3,861.4	¥399.0

As of March 31, 2013, we had financing commitments in the aggregate amount of ¥234.9 billion in connection with loans and investments in equity capital.

We enter into long-term purchase commitments in the normal course of our trading operations that provide for either fixed prices or basic purchase prices adjustable to market. Those commitments are in most instances matched with counterparty sales contracts. Long-term purchase contracts at fixed prices or at basic purchase prices adjustable to market amounted to ¥893.6 billion as of March 31, 2013. Scheduled deliveries are at various dates through 2025.

As of March 31, 2013, we have no material commitments for capital expenditures.

In addition to our commitments discussed above, in connection with our businesses, from time to time, we incur various contingent liabilities, such as guarantees of our customers' obligations. In addition, we are, from time to time, subject to contingent liabilities arising from litigation. These contingent liabilities are discussed in detail in "9. Contingencies" and "10. Litigation and others" described below. Although we currently do not believe that our cash needs under such contingent liabilities will be significant, if, contrary to expectations, defaults under guarantees are substantial or there is a major adverse outcome in our litigation, such contingent liabilities may create significant new cash needs for us.

Our primary future recurring cash needs will be for working capital, capital investments in new and existing business ventures and debt service. Our growth strategy contemplates the making of investments, in the form of acquisitions, equity investments and loans. We invested ¥183.6 billion in property, plant and equipment and made ¥118.7 billion of other investments in the fiscal year ended March 31, 2013. We are currently contemplating acquisitions of companies complementary to our existing businesses and also to related business areas in all business segments.

These investments, however, are either at a preliminary evaluation stage or are subject to a number of conditions, and accordingly, may not be completed. And we believe that our existing cash, current credit arrangements and cash flows from operations will be sufficient to meet our cash needs during the foreseeable future, although we cannot assure you that this will be the case. If our future cash flows from operations are less than we expect, we may need to incur additional debt, pursue other sources of liquidity, or modify our investment plans.

9. CONTINGENCIES

In connection with our businesses, from time to time, we incur various contingent liabilities, such as guarantees of our customers' obligations. We conduct business with counterparties around the world, and we make an effort to control the related trade receivables and guarantees in order to minimize concentrations of credit risk. We do not anticipate losses on the commitments and guarantees discussed below in excess of established allowances.

As of March 31, 2013, we were contingently liable for guarantees (continuing through 2038) in the aggregate amount of ¥225.1 billion, including ¥116.1 billion relating to our associated companies and ¥1.2 billion to our employees. The guarantees were primarily to enhance the credit standings of our associated companies, suppliers, buyers and employees, and in respect of the residual value guarantees on operating leases.

We also provide residual value guarantees to compensate for any potential shortfall between a specified price and actual sale proceeds on fixed dates to 2022 in the aggregate amount of ¥6.8 billion, for some owners in relation to transportation equipment subject to operating leases. If the market value of the transportation equipment is less than the guaranteed value on the fixed date, we will be required to compensate for the shortfall. The current estimated future value of such transportation equipment is higher than the guaranteed value, and consequently there was no allowance for the liabilities under these guarantees as of March 31, 2013.

10. LITIGATION AND OTHERS

On December 30, 2011, Minera San Cristobal S.A. ("MSC"), which is a consolidated subsidiary of the Company, in Plurinational State of Bolivia received a correction notice, relating to its withholding tax returns, from Bolivian Tax Authority. During 2013 MSC is in legal proceedings to dispute the resolution. The Company does not disclose the detail because it is to prejudice seriously the position of the entity in a dispute with other party on the subject matter of the contingent liability.

In addition to the above, the Companies are also involved in certain legal actions and claims incidental to its business. In the opinion of management, none of these actions or claims will have a material adverse effect on the financial position or results of operations of the Companies.

11. NEW STANDARDS AND INTERPRETATIONS NOT YET APPLIED

The new standards, interpretations, and amendments that have been issued as of the date of the approval for the consolidated financial statements, which the Companies have not yet applied as of March 31, 2013, are as follows. The Companies are currently evaluating the potential impacts that application of these will have on the consolidated financial statements.

IFRSs	Title	Reporting periods on or after which the applications are required	Reporting periods of the application by the Companies (The reporting period ended)	Summaries of new IFRSs and amendments
IFRS 7	Financial Instruments: Disclosures	January 1, 2013	March 31, 2014	Disclosures of offsetting financial assets and financial liabilities
IFRS 10	Consolidated Financial Statements	January 1, 2013	March 31, 2014	Identification of the concept of control and use of control as the single basis for consolidation, irrespective of the nature of the investee (Replacement for IAS 27 and SIC 12*)
		January 1, 2014	March 31, 2015	Definition of an investment entity and exception to consolidation
IFRS 11	Joint Arrangements	January 1, 2013	March 31, 2014	Establishment of accounting for joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form (Replacement of IAS 31* and SIC 13*)
IFRS 12	Disclosure of Interests in Other Entities	January 1, 2013	March 31, 2014	Disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities (Replacement of appropriate parts of IAS 27 and IAS 28*)
		January 1, 2014	March 31, 2015	Disclosure requirements for interests in unconsolidated subsidiaries of investment entities
IFRS 13	Fair Value Measurement	January 1, 2013	March 31, 2014	Establishment of a single framework when other IFRSs requires the measurement of fair values
IAS 1	Presentation of Financial Statements	July 1, 2012	March 31, 2014	Presentation of items of other comprehensive income
		January 1, 2013	March 31, 2014	Clarification of the requirements for comparative information
IAS 16	Property, Plant and Equipment	January 1, 2013	March 31, 2014	Classification of servicing equipment
IAS 19	Employee Benefits	January 1, 2013	March 31, 2014	Recognition of actuarial gains and losses and past service cost, and presentation and disclosure of post-employment benefits
IAS 27	Separate Financial Statements	January 1, 2014	March 31, 2015	Accounting for interests in separate financial statements of investment entities
IAS 32	Financial Instruments: Presentation	January 1, 2013	March 31, 2014	Accounting for income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction
		January 1, 2014	March 31, 2015	Presentation of offsetting financial assets and financial liabilities
IAS 36	Impairment of Assets	January 1, 2014	March 31, 2015	Recoverable amount disclosures for non-financial assets
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	January 1, 2013	March 31, 2014	Accounting for stripping costs in the production phase of a surface mine
IFRIC 21	Levies	January 1, 2014	March 31, 2015	Accounting for a liability to pay a levy

* When IFRS 10, IFRS 11 and IFRS 12 are applied, IAS 31, SIC 12 and SIC 13 are superseded, while amended and retitled IAS 27 "Separate Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" are effective.

12. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

In the normal course of business, we are exposed to risks arising from fluctuations in interest and currency exchange rates, commodity prices and equity prices. In order to manage these risks, we use financial and commodity derivative instruments including: foreign exchange forwards, currency swaps and options; interest rate swaps, futures and options; and commodity futures, forwards, swaps, and options. To a lesser degree, we also use derivative commodity instruments for trading purposes within prescribed position limits and loss limits imposed under the risk management structure described below.

Interest Rate Risk

Our business activities expose us to market risks arising from changes in interest rates, which we monitor and for which we take measures to minimize through our Financial Resources Management Group of the Corporate Group. In particular, interest rate fluctuations will impact our borrowing costs because a significant amount of our outstanding debt instruments are floating rate instruments and because we have short-term borrowings that we refinance from time to time. However, the impact on our borrowing costs will be partially offset by increased returns on certain of our assets, which will also be impacted by interest rate fluctuations. In addition, we are engaged in financing activities, such as automobile financing, which could be affected by interest rate fluctuations. To manage this risk, we enter into interest rate swap agreements, future contracts and option contracts that serve to modify and match the interest rate characteristics of our assets and liabilities.

Foreign Currency Exchange Rate Risk

The nature of our global operations expose us to market risks caused by fluctuations in foreign currency exchange rates related to imports, exports and financing in currencies other than the local currency. In order to mitigate foreign currency exchange rate risks, except for certain risks including the risk associated with foreign investments considered to be permanent, we use derivative instruments including foreign exchange forward contracts, currency swap agreements and currency option contracts with third parties in addition to borrowing and deposit transactions denominated in foreign currencies.

Commodity Price Risk

We trade in commodities such as physical precious and base metals, energy products (crude oil and refined oil products) and agricultural products (wheat, coffee, sugar and others), and engage in investments in metal mining, and oil and gas development. As a result of these activities, we are exposed to commodity price risks. We intend to reduce commodity price risks by hedge sales, matching the volume and timing of selling and purchasing commodities, or using derivatives. We use derivatives for trading purposes within well-defined position limits and loss limits.

Equity Price Risk

We are exposed to equity price risk inherent in stock we hold in financial institutions and our customers and suppliers for strategic purposes and in the other investments held by us. We do not engage in continuous hedging measures against the market exposures on those securities. As of March 31, 2013, we had fair value exposure on our marketable equity securities in the aggregate amount of ¥332.0 billion.

Risk Management Structure

Any business department wishing to enter into a derivative transaction or any other type of transaction exposing us to market risk must obtain approval from the President or General Manager, depending on the magnitude of the transaction, before entering into the transaction. The President or General Manager, as the case may be, reviews requests with the assistance of staff members who have expertise in derivative contracts. The request must identify the counterparty, the applicable market and credit risks and state the objectives of the transaction, the trading limit, and the loss limit amount.

The Financial Resources Management Group provides the following with respect to the execution and monitoring of transactions:

- back office support services for financial and derivative commodity transactions, such as opening accounts, confirming the execution of contracts, processing settlement and delivery of funds, and maintaining accounting records for the transactions;
- confirmation of balances of each transaction position; and
- monitoring of the status of positions and analyzing and calculating the risks of related transactions on a company-wide basis, and issuing periodic reports to our senior management, including an annual report to our board of directors.

Our subsidiaries are required to comply with the risk management structure described above when they execute commodity market transactions.

VaR (Value at Risk)

VaR is a statistical measure of the potential maximum loss in the fair value of a portfolio that may result from adverse market movements in underlying risk factors, which is calculated over a defined period and within a certain confidence level. We use the VaR method to measure the market risk for certain market-sensitive commodity transactions, including transactions associated with precious metals, non-ferrous metals, fuels, and agricultural products, and certain financial transactions. See “Notes to the Consolidated Financial Statements—26. Financial Instruments and Related Disclosures—(2) Financial Risk Management Policy—4. Commodity price risk management.”

Consolidated Statement of Financial Position

Sumitomo Corporation and Subsidiaries
As of March 31, 2013 and 2012

	Millions of Yen		Millions of U.S. Dollars
ASSETS	**2013**	2012	**2013**
Current assets:			
Cash and cash equivalents	**¥ 924,513**	¥ 821,915	**$ 9,835**
Time deposits	**6,551**	5,245	**70**
Marketable securities (Note 6)	**29,653**	20,474	**316**
Trade and other receivables (Note 7)	**1,470,942**	1,514,360	**15,648**
Other financial assets	**55,718**	48,239	**593**
Inventories (Note 10)	**770,450**	707,105	**8,196**
Advance payments to suppliers	**125,805**	217,697	**1,338**
Other current assets (Notes 16 and 34)	**163,224**	155,271	**1,737**
Total current assets	**3,546,856**	3,490,306	**37,733**
Non-current assets:			
Investments accounted for using the equity method (Note 11)	**1,490,565**	1,246,666	**15,857**
Other investments (Note 6)	**520,962**	476,910	**5,542**
Trade and other receivables (Note 7)	**664,086**	645,732	**7,065**
Other financial assets	**97,090**	74,965	**1,033**
Property, plant and equipment (Note 12)	**821,981**	606,855	**8,744**
Intangible assets (Note 13)	**279,809**	331,618	**2,977**
Investment property (Note 14)	**263,982**	215,563	**2,808**
Biological assets (Note 15)	**11,259**	—	**120**
Prepaid expenses	**46,739**	36,131	**497**
Deferred tax assets (Note 16)	**89,428**	102,023	**951**
Total non-current assets	**4,285,901**	3,736,463	**45,594**
Total assets (Note 4)	**¥7,832,757**	¥7,226,769	**$83,327**

LIABILITIES AND EQUITY	Millions of Yen 2013	Millions of Yen 2012	Millions of U.S. Dollars 2013
Current liabilities:			
Bonds and borrowings (Note 17)	**¥ 695,665**	¥ 632,267	**$ 7,401**
Trade and other payables (Note 18)	**1,080,699**	1,102,326	**11,497**
Other financial liabilities	**60,187**	54,636	**640**
Income tax payables	**19,796**	27,773	**210**
Accrued expenses	**101,490**	91,726	**1,080**
Advances from customers	**157,408**	181,001	**1,674**
Provisions (Note 19)	**6,287**	8,376	**67**
Other current liabilities (Note 34)	**55,053**	74,865	**586**
Total current liabilities	**2,176,585**	2,172,970	**23,155**
Non-current liabilities:			
Bonds and borrowings (Note 17)	**3,165,737**	2,981,548	**33,678**
Trade and other payables (Note 18)	**105,854**	108,701	**1,126**
Other financial liabilities	**38,515**	36,785	**410**
Accrued pension and retirement benefits (Note 20)	**38,509**	25,635	**410**
Provisions (Note 19)	**38,027**	22,797	**405**
Deferred tax liabilities (Note 16)	**93,648**	77,145	**996**
Total non-current liabilities	**3,480,290**	3,252,611	**37,025**
Total liabilities	**5,656,875**	5,425,581	**60,180**
Equity:			
Common stock (Note 21)	**219,279**	219,279	**2,333**
Additional paid-in capital (Note 22)	**269,285**	282,407	**2,864**
Treasury stock	**(232)**	(1,034)	**(2)**
Other components of equity (Note 23)	**173,044**	(63,007)	**1,841**
Retained earnings (Note 22)	**1,391,440**	1,251,411	**14,802**
Equity attributable to owners of the parent	**2,052,816**	1,689,056	**21,838**
Non-controlling interests	**123,066**	112,132	**1,309**
Total equity	**2,175,882**	1,801,188	**23,147**
Total liabilities and equity	**¥7,832,757**	¥7,226,769	**$83,327**

See the accompanying notes to the consolidated financial statements.

Consolidated Statement of Comprehensive Income

Sumitomo Corporation and Subsidiaries
For the years ended March 31, 2013 and 2012

	Millions of Yen		Millions of U.S. Dollars
	2013	2012	2013
Revenues:			
Sales of tangible products	¥ 2,432,358	¥ 2,557,022	$ 25,876
Sales of services and others	583,891	703,973	6,212
Total revenues (Notes 4, 14 and 29)	3,016,249	3,260,995	32,088
Cost:			
Cost of tangible products sold	(2,003,583)	(2,066,901)	(21,315)
Cost of services and others	(185,704)	(275,269)	(1,976)
Total cost (Notes 8, 14, 20 and 29)	(2,189,287)	(2,342,170)	(23,291)
Gross profit (Note 4)	826,962	918,825	8,797
Other income (expenses):			
Selling, general and administrative expenses (Note 28)	(657,139)	(686,404)	(6,990)
Impairment losses on long-lived assets (Notes 12, 13 and 14)	(16,025)	(13,342)	(170)
Gain (loss) on sale of property, plant and equipment, net	10,250	4,360	109
Other, net	(1,567)	(3,582)	(17)
Total other income (expenses)	(664,481)	(698,968)	(7,068)
Operating profit	162,481	219,857	1,729
Finance income (costs):			
Interest income	13,339	13,900	142
Interest expense	(29,092)	(28,956)	(309)
Dividends	13,422	11,194	143
Gain (loss) on securities and other investments, net	51,516	14,764	547
Finance income (costs), net (Note 29)	49,185	10,902	523
Share of profit of investments accounted for using the equity method (Note 11)	107,355	110,628	1,142
Profit before tax	319,021	341,387	3,394
Income tax expense (Note 30)	(75,326)	(77,715)	(801)
Profit for the year	243,695	263,672	2,593
Profit for the year attributable to:			
Owners of the parent (Note 4)	¥ 232,451	¥ 250,669	$ 2,473
Non-controlling interests	11,244	13,003	120
Other comprehensive income:			
Exchange differences on translating foreign operations	182,585	(67,465)	1,942
Financial assets measured at fair value through other comprehensive income	32,621	(1,352)	347
Cash-flow hedges	(2,048)	2,005	(22)
Actuarial gains (losses) on defined benefit pension plans	(1,573)	(12,045)	(17)
Share of other comprehensive income of investments accounted for using the equity method	1,646	4,782	18
Other comprehensive income, net of tax (Note 23)	213,231	(74,075)	2,268
Comprehensive income for the year	456,926	189,597	4,861
Comprehensive income for the year attributable to:			
Owners of the parent	¥ 439,840	¥ 180,033	$ 4,679
Non-controlling interests	17,086	9,564	182

	Yen		U.S. Dollars
Earnings per share (attributable to owners of the parent) (Note 31)**:**			
Basic	¥ 185.92	¥ 200.52	$ 1.98
Diluted	185.79	200.39	1.98

	Millions of Yen		Millions of U.S. Dollars
Total trading transactions	¥ 7,502,724	¥ 8,273,043	$ 79,816

* Total trading transactions represents the gross transaction volume of trading activities, or the nominal aggregate value of the transactions for which the Companies act as a principal or as an agent.
Total trading transactions is a measure commonly used by Japanese trading companies. It is not to be construed as equivalent to, or a substitute for, sales or revenues under International Financial Reporting Standards ("IFRSs").

See the accompanying notes to the consolidated financial statements.

Consolidated Statement of Changes in Equity

Sumitomo Corporation and Subsidiaries
For the years ended March 31, 2013 and 2012

	Millions of Yen		Millions of U.S. Dollars
	2013	2012	**2013**
Equity (Note 21):			
Common stock:			
Balance, beginning of year	**¥ 219,279**	¥ 219,279	**$ 2,333**
Balance, end of year	**219,279**	219,279	**2,333**
Additional paid-in capital (Note 22):			
Balance, beginning of year	**282,407**	288,868	**3,004**
Acquisition (disposal) of non-controlling interests, net	**(6,370)**	(5,426)	**(68)**
Equity transaction recognized at equity-accounted investees	**—**	(1,185)	**—**
Others	**(6,752)**	150	**(72)**
Balance, end of year	**269,285**	282,407	**2,864**
Treasury stock:			
Balance, beginning of year	**(1,034)**	(1,053)	**(11)**
Exercise of stock options and others (Note 25)	**802**	19	**9**
Balance, end of year	**(232)**	(1,034)	**(2)**
Other components of equity (Note 23):			
Balance, beginning of year	**(63,007)**	(4,819)	**(670)**
Other comprehensive income for the year	**207,389**	(70,636)	**2,206**
Transfer to retained earnings	**28,662**	12,448	**305**
Balance, end of year	**173,044**	(63,007)	**1,841**
Retained earnings (Note 22):			
Balance, beginning of year	**1,251,411**	1,068,193	**13,312**
Transfer from other components of equity	**(28,662)**	(12,448)	**(305)**
Profit for the year attributable to owners of the parent	**232,451**	250,669	**2,473**
Cash dividends (Note 24)	**(63,760)**	(55,003)	**(678)**
Balance, end of year	**1,391,440**	1,251,411	**14,802**
Equity attributable to owners of the parent	**¥2,052,816**	¥1,689,056	**$21,838**
Non-controlling interests:			
Balance, beginning of year	**112,132**	111,622	**1,193**
Cash dividends to non-controlling interests	**(3,715)**	(6,287)	**(40)**
Acquisition (disposal) of non-controlling interests and others, net	**(2,437)**	(2,767)	**(26)**
Profit for the year attributable to non-controlling interests	**11,244**	13,003	**120**
Other comprehensive income for the year (Note 23)	**5,842**	(3,439)	**62**
Balance, end of year	**123,066**	112,132	**1,309**
Total equity	**¥2,175,882**	¥1,801,188	**$23,147**
Comprehensive income for the year attributable to:			
Owners of the parent	**439,840**	180,033	**4,679**
Non-controlling interests	**17,086**	9,564	**182**
Total comprehensive income for the year	**¥ 456,926**	¥ 189,597	**$ 4,861**

See the accompanying notes to the consolidated financial statements.

Consolidated Statement of Cash Flows

Sumitomo Corporation and Subsidiaries
For the years ended March 31, 2013 and 2012

	Millions of Yen		Millions of U.S. Dollars
	2013	2012	**2013**
Operating activities (Note 32)**:**			
Profit for the year	**¥ 243,695**	¥ 263,672	**$ 2,593**
Adjustments to reconcile profit for the year to net cash from operating activities:			
Depreciation and amortization	**94,117**	155,126	**1,001**
Impairment losses on long-lived assets	**16,025**	13,342	**170**
Finance (income) costs, net	**(49,185)**	(10,902)	**(523)**
Share of profit of investments accounted for using the equity method	**(107,355)**	(110,628)	**(1,142)**
(Gain) loss on sale of property, plant and equipment, net	**(10,250)**	(4,360)	**(109)**
Income tax expense	**75,326**	77,715	**801**
Increase in inventories	**(6,362)**	(32,637)	**(68)**
Decrease (increase) in trade and other receivables	**154,575**	(81,534)	**1,644**
Increase in prepaid expenses	**(20,025)**	(3,523)	**(213)**
Decrease in trade and other payables	**(108,091)**	(5,814)	**(1,150)**
Other, net	**20,626**	(13,790)	**220**
Interest received	**13,176**	13,581	**140**
Dividends received	**56,244**	47,342	**598**
Interest paid	**(28,249)**	(30,776)	**(300)**
Income tax paid	**(63,962)**	(86,397)	**(680)**
Net cash from operating activities	**280,305**	190,417	**2,982**
Investing activities (Note 32)**:**			
Proceeds from sale of property, plant and equipment	**14,228**	19,156	**152**
Proceeds from sale of investment property	**29,826**	24,245	**317**
Proceeds from sale of subsidiaries, net of cash and cash equivalents disposed of	**82,577**	53,450	**878**
Proceeds from sale of other investments	**80,257**	67,460	**854**
Collection of loan receivables	**558,289**	342,890	**5,939**
Purchase of property, plant and equipment	**(183,576)**	(87,340)	**(1,953)**
Purchase of investment property	**(15,686)**	(6,014)	**(167)**
Acquisition of subsidiaries, net of cash and cash equivalents acquired	**(75,449)**	28,397	**(803)**
Acquisition of other investments	**(118,693)**	(123,629)	**(1,262)**
Increase in loan receivables	**(557,976)**	(354,311)	**(5,936)**
Net cash used in investing activities	**(186,203)**	(35,696)	**(1,981)**
Financing activities (Note 32)**:**			
Net increase in short-term debt	**26,102**	72,110	**278**
Proceeds from issuance of long-term debt	**609,289**	585,292	**6,482**
Repayment of long-term debt	**(582,605)**	(633,060)	**(6,198)**
Cash dividends paid	**(63,760)**	(55,003)	**(678)**
Capital contribution from non-controlling interests	**761**	848	**8**
Proceeds from sale of subsidiary's interests to non-controlling interests	**—**	4,281	**—**
Payment for acquisition of subsidiary's interests from non-controlling interests	**(11,186)**	(1,473)	**(119)**
Payment of dividends to non-controlling interests	**(3,715)**	(6,287)	**(40)**
Sales of treasury stock, net	**447**	19	**5**
Net cash used in financing activities	**(24,667)**	(33,273)	**(262)**
Net increase in cash and cash equivalents	**69,435**	121,448	**739**
Cash and cash equivalents at the beginning of year	**821,915**	704,313	**8,744**
Effect of exchange rate changes on cash and cash equivalents	**33,163**	(3,846)	**352**
Cash and cash equivalents at the end of year	**¥ 924,513**	¥ 821,915	**$ 9,835**

See the accompanying notes to the consolidated financial statements.

Notes to the Consolidated Financial Statements

Sumitomo Corporation and Subsidiaries
For the years ended March 31, 2013 and 2012

1. REPORTING ENTITY

Sumitomo Corporation (the "Company") is a company incorporated in Japan. The consolidated financial statements of the Company as at and for the year ended March 31, 2013 comprise the financial statements of the Company and its subsidiaries (together, the "Companies"), and the interests in associates and jointly controlled entities. The Company is an integrated trading company (*sogo shosha*). The Companies are engaged in a wide range of business activities on global basis. The Companies' business foundation consists of trust, global relations with over 100,000 business partners around the world, a global network with offices and subsidiaries worldwide, intellectual capital, and advanced functions in business development, logistic solutions, financial services, IT solutions, risk management and intelligence gathering and analysis. Through integration of these elements, the Companies provide a diverse array of value to our customers. Based on this business foundation and these functions, the Companies engage in general trading of a wide range of goods and commodities and in various business activities.

The Companies act as both principal and agent in these trading transactions. The Companies also provide a range of services for a variety of industries, such as: financing for customers and suppliers; planning, coordination and operation of urban and industrial infrastructure projects; consulting in areas such as system integration and technology development; and transportation and logistics.

In addition, the Companies engage in other diverse business activities, including investing in a variety of industries ranging from photovoltaic power generation to communications; developing natural resources; manufacturing and processing products such as steel products and textiles; developing and managing real estate; and operating retail stores.

2. BASIS OF PREPARATION

(1) Statement of Compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs").

(2) Basis of Measurement

The consolidated financial statements have been prepared under the historical cost basis except for the following significant items:

- derivatives are measured at fair value;
- financial instruments at fair value through profit or loss are measured at fair value;
- financial instruments at fair value through other comprehensive income are measured at fair value;
- defined benefit liabilities (assets) are the present value of the defined benefit obligation less the fair value of plan assets, with adjustments for unrecognized past service cost;
- inventories acquired with the purpose of generating profits from short-term fluctuations in price are measured at fair value less costs to sell; and
- biological assets are measured at fair value less costs to sell.

(3) Functional Currency and Presentation Currency

The consolidated financial statements are presented in Japanese yen, which is also the Company's functional currency. All financial information presented in Japanese yen has been rounded to the nearest million. The translation of Japanese yen amounts into United States dollars for the year ended March 31, 2013 is included solely for the convenience of readers and has been made at the rate of ¥94 = U.S. $1, the approximate exchange rate prevailing at the Federal Reserve Bank of New York on March 31, 2013. Such translation should not be construed as a representation that the Japanese yen amounts have been, or could in the future be converted into United States dollars at that or any rate.

(4) Use of Estimates and Judgments

The preparation of consolidated financial statements in accordance with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results could differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods in which the revision affects.

Judgments and estimates made by management in the application of accounting policies that have a significant effect on the amounts recognized in the consolidated financial statements are as follows:

- Notes 7 and 9—Revenue Recognition
- Note 8—Accounting for Arrangement containing a Lease
- Notes 26 and 29—Financial Instruments

The following notes include information in respect of uncertainties of judgments and estimates which have a significant risk to cause material adjustment in the next fiscal year:

- Notes 12, 13 and 14—Impairment of Non-financial Assets
- Note 16—Use of Tax Losses
- Note 20—Measurement of Defined Benefit Obligations
- Notes 19 and 35—Provisions and Contingencies

(5) Changes in Accounting Policies

The Companies have applied the Standards and Interpretations required to be adopted from the fiscal year ended March 31, 2013. These applications had no material effect on the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies applied in the preparation of the accompanying consolidated financial statements are summarized below:

(1) Basis of Consolidation

1. Business combinations

The Companies have applied International Financial Reporting Standard No. 3 *Business Combinations (as revised in 2008)* ("IFRS 3") and International Accounting Standard No. 27 *Consolidated and Separate Financial Statements (as revised in 2008)* to all business combinations.

The Companies have applied the acquisition method to business combinations disclosed in Note 5.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing the existence of control, potential voting rights that are currently exercisable are considered. The acquisition date is the date when the control is transferred to the acquirer. Judgments may be required in deciding the acquisition date and as to whether the control is transferred from one party to another.

Goodwill is measured at the fair value of the considerations transferred, including the recognized amount of any non-controlling interests in the acquiree at the date of acquisition, less the net recognized amount of the identifiable assets acquired and the liabilities assumed at the acquisition date (ordinarily measured at fair value).

The considerations transferred include the fair value of the assets transferred from the Companies to the former owners of the acquiree, assumed liabilities, and equity interest issued by the Companies. The considerations transferred also include the fair value of contingent consideration.

The contingent liabilities of the acquiree are recognized in the business combinations if, and only if, they are present obligations that arose from past events and their fair value can be measured with sufficient reliability.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

Acquisition-related costs incurred by the Companies in connection with business combinations such as finder's fees and legal, due diligence and other professional or consulting fees are recognized as expenses when incurred.

Additional acquisitions of non-controlling interests are accounted for as equity transactions, and no goodwill is recognized.

The identifiable assets acquired, the liabilities and contingent liabilities assumed in accordance with the recognition principles of IFRS 3 are measured at their fair values at the acquisition date, except:

- Deferred tax assets or liabilities and liabilities (or assets) related to employee benefit arrangements are recognized and measured in accordance with International Accounting Standard No. 12 *Income Taxes* and International Accounting Standard No. 19 *Employee Benefits* ("IAS 19"), respectively; and
- Non-current assets and operations classified as held for sale are measured in accordance with International Financial Reporting Standard No. 5 *Non-current Assets Held for Sale and Discontinued Operations*.

If the initial accounting for business combinations is incomplete by the end of the reporting period in which the business combinations occur, the Companies report provisional amounts for the items for which the acquisition accounting is incomplete. Those provisional amounts are retrospectively adjusted during the measurement period to reflect new information obtained about facts and circumstances that existed at the acquisition date and, if known, would have affected the amounts recognized at that date. Additional assets or liabilities are recognized if new information, if known, would have resulted in the additional recognition of assets or liabilities. The measurement period does not exceed one year.

2. Subsidiaries

Subsidiaries are entities which are controlled by the Companies. The financial statements of subsidiaries are included in the consolidated financial statements from the date when control is obtained until the date when it is lost. The accounting policies of subsidiaries have been adjusted in order to ensure consistency with the accounting policies adopted by the Company, when necessary.

The consolidated financial statements include the financial statements of certain subsidiaries, of which the end of the reporting period is different from that of the Company because it is impracticable to unify the end of the reporting period of the subsidiaries with that of the Company. Due to the requirement of local laws and regulations, it is impracticable to unify the closing dates with that of the Company. It is also impracticable to prepare additional financial statements as of the same date as the financial statements of the Company due to the characteristics of the local business and the IT environment for the accounting system. The difference between the end of the reporting period of subsidiaries and that of the Company does not exceed three months.

When the financial statements of subsidiaries used in the preparation of the consolidated financial statements are prepared as of the dates different from the end of the reporting period of the Company, adjustments are made for the effects of significant transactions or events that occur between the end of the reporting period of the subsidiaries and that of the Company.

On the disposal of interests in subsidiaries, if the Companies retain control over the subsidiaries, they are accounted for as equity transactions. Any difference between the adjustment to the non-controlling interests and the fair value of the consideration received is recognized directly in equity as "Equity attributable to owners of the parent."

3. Special purpose entity ("SPE")

The Company holds special purpose entities for investment purposes. A SPE is consolidated if the Companies conclude that the substance of the relationship between the Companies and the SPE and the assessment of the risks and benefits indicate that the SPE is controlled by the Companies. A SPE controlled by the Companies is established under the terms that impose strict limitations on the decision-making powers of the SPE's management and as a result, the Companies receive the majority of the benefits related to the SPE's operations and net assets, assume the majority of risks related to the SPE's activities, and retain the majority of the residual or ownership risks related to the SPE or its assets.

4. Business combinations of entities under common control

Business combinations of entities under common control are business combinations in which all the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. The Companies have consistently accounted for all such transactions based on carrying amounts.

5. Associates and jointly controlled entities

Associates are entities over which the Companies have significant influence but do not have control to govern the financial and operating policies. Significant influence is presumed to exist when the Companies hold between 20 % and 50 % of the voting power of another entity.

A joint venture is a contractual arrangement whereby the Companies and other parties undertake an economic activity that is subject to joint control and its strategic financial and operating policy decisions require the unanimous consent of the venturers.

A jointly controlled entity is an entity established under the joint venture arrangement in which each venturer has an interest.

Investments in associates and jointly controlled entities ("equity-accounted investees") are accounted for using the equity method, and recognized at cost on acquisition. The investments include goodwill identified on acquisition (net of accumulated impairment losses).

The Companies' share of the income and expenses of the equity-accounted investees and changes in the Companies' share in equity are included in the consolidated financial statements from the date when significant influence or joint control is obtained until the date when it is lost. The accounting policies of equity-accounted investees have been adjusted when necessary to ensure consistency with those applied by the Company.

The consolidated financial statements include some equity-accounted investees, of which the end of the reporting period is different from that of the Company because it is impracticable to unify the end of the reporting date of those equity-accounted investees with that of the Company in connection with other share holders and for other reasons. The end of the reporting period of those equity-accounted investees is mainly the end of December. Adjustments are made for the effects of significant transactions or events that occur due to differences in the end of the reporting period.

6. Transactions eliminated in consolidation

All inter-company transactions, balances, and any unrealized gains and losses arising from inter-company transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains on transactions with equity-accounted investees are eliminated to the extent of the Companies' interest in the investees. Unrealized losses are eliminated in the same way as unrealized gains unless there is evidence of impairment.

(2) Foreign Currencies

1. Foreign currency transactions

Foreign currency transactions are translated into functional currencies of individual companies using the spot exchange rate at the date of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are retranslated into functional currencies using the spot exchange rate at the reporting date. Exchange differences on monetary items are the differences between the amortized costs denominated in functional currencies at the beginning of the reporting period adjusted by effective interest and interest payments during the year, and the amortized costs denominated in foreign currencies translated using the spot exchange rate at the reporting date. Non-monetary assets and liabilities measured at fair value that are denominated in foreign currencies are retranslated using the spot exchange rates at the date when the fair value was determined.

Exchange differences arising from retranslation are recognized in profit or loss. However, exchange differences arising from FVTOCI financial assets, hedges of a net investment in foreign operations (see 3. below) and cash-flow hedges are recognized in other comprehensive income. Non-monetary items measured at historical cost in foreign currencies are translated using the spot exchange rate at the date of the transaction.

2. Foreign operations

Assets and liabilities of foreign operations (including goodwill and fair value adjustments arising on the acquisition of foreign operations) are translated into Japanese yen using the spot exchange rate at the reporting date. Income and expenses are translated into Japanese yen at the average exchange rate for the period.

Exchange differences arising from translation of financial statements of foreign operations are recognized in other comprehensive income.

These differences are presented as “Exchange differences on translating foreign operations” in Other components of equity after the date of transition to IFRSs. On disposal of the entire interest in foreign operations, and on the partial disposal of the interest involving loss of control, significant influence or joint control, the cumulative amount of the exchange differences is reclassified to profit or loss as a part of gains or losses on disposal.

3. Hedges of a net investment in foreign operations

The Companies apply hedge accounting to a part of the exchange differences arising between the functional currencies of foreign operations and the Company’s functional currency (Japanese Yen), regardless of whether investments in foreign operations are held directly by the Company or indirectly through its subsidiaries.

Exchange differences arising from the retranslation of financial instruments designated as hedging instruments for a net investment in foreign operations are recognized in other comprehensive income to the extent that the hedge is effective, and are presented as “Exchange differences on translating foreign operations” in Other components of equity. The ineffective portion of the gains or losses on the hedging instruments is recognized in profit or loss. On disposal of hedged portion of net investments, the cumulative amount of exchange differences is reclassified to profit or loss as a part of gains or losses on disposal.

(3) Financial Instruments

The Companies have early-applied International Financial Reporting Standard No. 9 *Financial Instruments (issued in November 2009, revised in October 2010)* (“IFRS 9”) to the accounting for financial instruments.

1. Non-derivative financial assets

The Companies recognize trade and other receivables on the date they are originated.

All other financial assets are recognized on the contract date when the Companies become a party to the contractual provisions of the instrument.

The following is a summary of the classification and measurement model of the non-derivative financial assets;

Financial assets measured at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- The contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at amortized cost are initially measured at fair value (plus directly attributable transaction costs). Subsequently, the carrying amount of the financial assets measured at amortized cost is calculated using the effective interest method, less impairment loss when necessary.

Financial assets measured at FVTPL

Financial assets other than equity instruments that do not meet the above conditions in relation to amortized cost measurement are measured at FVTPL. Those financial assets include financial assets held for trading.

Equity investments are measured at fair value with gains or losses on re-measurement recognized in profit or loss unless the Companies make an irrevocable election to measure equity investments as at FVTOCI on initial recognition.

Financial assets measured at FVTPL are initially measured at fair value and transaction costs are recognized in profit or loss when they occur.

Financial assets measured at FVTOCI

On initial recognition, the Companies may make an irrevocable election to measure investments in equity instruments as at FVTOCI. The election is made only for the equity investment other than held for trading.

Financial assets measured at FVTOCI are initially measured at their fair value (including directly attributable transaction costs). Subsequently, they are measured at fair value, and gains and losses arising from changes in fair value are recognized in other comprehensive income and presented as "Financial assets measured at fair value through other comprehensive income" in Other components of equity. The amount of Other components of equity is transferred directly to retained earnings, not to profit or loss, when the equity investment is derecognized or the decline in its fair value compared to its acquisition cost is significant and other-than-temporary.

However, dividends on financial assets measured at FVTOCI are recognized in profit or loss as finance income.

Derecognition of financial assets

The Companies derecognize a financial asset when the contractual rights to the cash flows from the asset expire, or when the Companies transfer the contractual right to receive cash flows from financial assets in transactions in which substantially all the risks and rewards of ownership of the asset are transferred to another entity. Any interests in transferred financial assets that qualify for derecognition that is created or retained by the Companies is recognized as a separate asset or liability.

2. Cash and cash equivalents

Cash and cash equivalents are cash and highly liquid investments that are readily convertible to known amounts of cash, including short-term time deposits with original maturities of three months or less.

3. Non-derivative financial liabilities

Debt securities issued are initially recognized on the issue date. All other financial liabilities are recognized when the Companies become a party to the contractual provisions of the instruments.

The Companies derecognize financial liabilities when they are extinguished, i.e. when the obligation specified in the contract is discharged, cancelled or expired.

The Companies classify borrowings, corporate bonds, trade payables and other payables as non-derivative financial liabilities, and initially measure them at fair value (minus directly attributable transaction costs).

Non-derivative financial liabilities held for trading are measured at fair value after initial recognition and the change in fair value is recognized in profit or loss. Non-derivative financial liabilities held for other than trading are measured at amortized cost using the effective interest method after initial recognition.

4. Equity

Common stock

Proceeds from issuance of equity instruments by the Company are included in "Common stock" and "Additional paid-in capital." The direct issue costs (net of tax) are deducted from "Additional paid-in capital."

Treasury stock

When the Companies reacquire treasury stocks, the consideration paid, net of direct transaction costs and tax, is recognized as a deduction from equity. When the Companies sell treasury stocks, the consideration received is recognized as an increase in equity.

5. Derivatives including hedge accounting

The Companies utilize derivatives to manage interest rate risk, foreign currency risk and the risk of the price fluctuation of commodity inventories and trading commitments. The primary derivatives used by the Companies include foreign exchange forward contracts, currency swaps, interest rate swaps and commodity future contracts.

At the initial designation of the hedging relationship, the Companies document the relationship between the hedging instrument and the hedged item, along with their risk management objective and strategy for undertaking the hedge, the hedging instrument, the hedged item, the nature of the risk being hedged, and how the hedging instrument's effectiveness in offsetting the hedged risk will be assessed.

At the inception of the hedge and on an ongoing basis, the Companies assess whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk throughout the period for which the hedge is designated.

To qualify as a cash flow hedge of a forecast transaction, the transaction must be highly probable.

Derivatives are initially recognized at fair value with transaction costs recognized in profit or loss when they occur. Subsequently, derivatives are measured at fair value, and gains and losses arising from changes in fair value are accounted for as follows:

Fair value hedges

The changes in the fair value of the hedging instrument are recognized in profit or loss. The carrying amounts of the hedged items are measured at fair value and the gains or losses on the hedged items attributable to the hedged risks are recognized in profit or loss.

Cash flow hedges

When derivatives are designated as a hedging instrument to hedge the exposure to variability in cash flows that are attributable to a particular risk associated with recognized assets or liabilities or highly probable forecast transactions which could affect profit or loss, the effective portion of changes in the fair value of the derivatives is recognized in other comprehensive income and included in “Cash flow hedges” in the Other components of equity. The balances of cash flow hedges are reclassified to profit or loss from other comprehensive income in the periods when the cash flows of the hedged items affect profit or loss, in the same line items of the consolidated statement of comprehensive income as those of the hedged items. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss.

Hedge accounting is discontinued prospectively when the hedge no longer qualifies for hedge accounting, or when the hedging instrument expires or is sold, terminated or exercised, or when the designation is revoked.

When hedge accounting is discontinued, the balances of cash flow hedges remain in equity until the forecast transaction affects profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in profit or loss.

6. Derivatives held for trading and others

The Companies hold derivatives for hedging purposes which do not qualify for hedge accounting. The Companies also hold derivatives for trading purposes as opposed to hedging purposes. Any changes in fair value of these derivatives are recognized immediately in profit or loss.

7. Presentation for financial instruments

Financial assets and liabilities are offset and the net amounts are presented in the consolidated statement of financial position when, and only when, the Companies currently have a legally enforceable right to set off the recognized amounts and intend either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

(4) Inventories

Inventories mainly consist of commodities, materials/work in progress, and real estate held for development and resale.

Inventories are measured at the lower of cost and net realizable value. Net realizable value represents the estimated selling price in the ordinary course of business less any estimated costs of completion and the estimated costs necessary to make the sale.

Inventories acquired with the purpose of generating profits from short-term fluctuations in price are measured at fair value less costs to sell, and changes in fair value are recognized in profit or loss.

The cost of inventories other than acquired with the purpose of generating profits from short-term fluctuations in price is determined based on either specific identification basis when inventories are not ordinarily interchangeable, or mainly moving average basis when inventories are ordinarily interchangeable.

(5) Property, Plant and Equipment

1. Recognition and measurement

Property, plant and equipment are measured at cost less any accumulated depreciation and accumulated impairment losses.

The cost of items of property, plant and equipment comprises costs directly attributable to the acquisition, costs of dismantling and removing the items and restoring the site on which they are located, and capitalized borrowing costs.

When the useful life of each part of an item of property, plant and equipment varies, it is accounted for as a separate item of property, plant and equipment.

2. Depreciation

Depreciation is calculated based on the depreciable amount which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation of property, plant and equipment is mainly computed under the straight-line method based on the estimated useful life of each item. The straight-line method is used because it is considered to the most closely approximate the pattern in which the asset’s future economic benefits are expected to be consumed by the Companies. Leased assets are depreciated over the shorter of the lease term and their useful lives if there is no reasonable certainty that the Companies will obtain ownership by the end of the lease term.

Depreciation of mining rights is computed under the units-of-production method over the estimated proven and probable reserve tons, and recognized as an expense. Land and land improvements are not depreciated.

The estimated useful lives for the years ended March 31, 2013 and 2012 are as follows:

- Buildings and leasehold improvements 3–50 years
- Machinery and equipment 2–20 years

The depreciation methods, useful lives and residual values are reviewed at the end of each reporting period, and changed when necessary.

(6) Intangible Assets

1. Goodwill

Initial recognition

Goodwill arising on the acquisition of a subsidiary is recognized as an intangible asset. Measurement of goodwill on initial recognition is described in (1) 1.

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. The carrying amount of investments in equity-accounted investees includes the carrying amount of goodwill. The impairment loss of those investments is not allocated to any asset (including goodwill) which constitutes part of the carrying amount of investments in equity-accounted investees.

2. Capitalized software costs

The Companies incur certain costs to purchase or develop software for sale or internal-use.

Expenditures arising from research activities to obtain new scientific or technical knowledge are recognized as expenses as incurred. Expenditures arising from development activities are capitalized as internally generated intangible assets, if, and only if, they are reliably measurable, products or processes are technically and commercially feasible, it is highly probable to generate future economic benefits, and the Companies have an intention and adequate resources to complete those assets and use or sell them. Capitalized software costs are measured at cost less any accumulated amortization and accumulated impairment losses.

3. Intangible assets acquired in business combinations

Intangible assets that are acquired in business combinations, such as sales licenses, trademarks and customer relationships, are recognized separately from goodwill, and are initially recognized at fair value at acquisition date.

Subsequently the intangible assets are measured at cost less any accumulated amortization and accumulated impairment losses.

4. Other intangible assets

Other intangible assets with finite useful lives are measured at cost less any accumulated amortization and accumulated impairment losses.

Certain trademarks are not amortized because they are determined to have indefinite useful lives and are expected to exist fundamentally as long as the business continues.

5. Amortization

Amortization is calculated based on the cost of an asset less its residual value. Amortization of intangible assets other than goodwill is computed under the straight-line method over their estimated useful lives from the date the assets are available for use. The straight-line method is used because it is considered to the most closely approximate the pattern in which the intangible assets' future economic benefits are expected to be consumed by the Companies. Estimated useful lives for the years ended March 31, 2013 and 2012 are mainly as follows:

- Software 3–5 years
- Sales licenses, trademarks and customer relationships 3–30 years
- Others 3–20 years

The amortization methods, useful lives and residual values are reviewed at the end of each reporting period, and changed when necessary.

(7) Investment Property

Investment property is a property held to earn rental income or for capital appreciation or for both. Property held for sale in the ordinary course of business, or use in the production or supply of goods or service or for other administrative purpose is not included in investment property. Investment property is measured at cost less any accumulated depreciation (see (5) 2.) and accumulated impairment losses (see (5) 2.).

(8) Leased Assets

Leases are classified as finance leases when lessor transfers substantially all the risks and rewards of ownership to the Companies. Leased assets are initially recognized at fair value or, if lower, at the present value of the minimum lease payments. Subsequent to initial recognition, the leased assets are accounted for in accordance with the accounting policies applicable to the assets.

All other leases are classified as operating leases, and are not reported in the Companies' Consolidated statement of financial position.

(9) Impairment

1. Non-derivative financial assets

Financial assets measured at amortized cost are assessed on a quarterly basis whether there is objective evidence that the asset may be impaired. Financial assets are considered to be impaired when there is objective evidence which indicates that loss events have occurred after the initial recognition of the assets, and when it is reasonably anticipated that the loss events have a negative impact on the estimated future cash flows of the assets.

Objective evidence of impairment for financial assets measured at amortized cost includes: a default or delinquency of the borrower, granting the borrower a concession that the Companies would not otherwise consider, indications for bankruptcy of the issuer or obligor and the disappearance of active markets.

The Companies assess whether evidence of impairment exists individually and collectively for financial assets measured at amortized cost. An individually significant financial asset is individually assessed for impairment. All individually significant financial assets found not to be specifically impaired are then collectively assessed for any impairment that has been incurred, but not yet reported. Financial assets that are not individually significant are collectively assessed for impairment in a group of financial assets with similar risk characteristics.

In assessing collective impairment, the Companies evaluate historical trends of the probability of default, timing of recoveries and the amount of loss incurred. In addition, an adjustment is made to reflect management judgment on whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

The impairment loss for financial assets measured at amortized cost is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate, and recognized in profit or loss. Interest on the impaired assets continues to be recognized through unwinding of the discount. If there are events which decrease the amount of impairment after the recognition of the impairment, the reversal of the impairment loss is recognized in profit or loss.

2. Non-financial assets

At the end of each reporting period, the carrying amounts of non-financial assets, excluding inventories, biological assets and deferred tax assets, are assessed to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the non-financial asset is estimated. Regarding goodwill and intangible assets with indefinite useful lives, and intangible assets not yet available for use, the recoverable amount is estimated at the same time every year.

The recoverable amount of an asset or a cash-generating unit ("CGU") is the higher of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the time value of money and the risks specific to the asset. A CGU is the smallest group of assets which generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

A CGU of goodwill is determined based on the unit by which the goodwill is monitored for internal management purposes, and does not exceed an operating segment before aggregation.

Because the corporate assets do not generate independent cash inflows, if there is an indication that corporate assets may be impaired, the recoverable amount is determined for the CGU to which the corporate assets belong.

If the carrying amount of an asset or a CGU exceeds the recoverable amount, an impairment loss is recognized in profit or loss. The impairment loss recognized related to a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit.

An impairment loss recognized for goodwill is not reversed in subsequent periods. Assets other than goodwill are reviewed at the end of each reporting period to determine whether there is any indication that an impairment loss recognized in prior years may no longer exist or may have decreased. An impairment loss recognized in prior years for an asset is reversed to profit or loss if an event occurs that changes the estimates used to determine the asset's recoverable amount. A reversal of impairment loss does not exceed the carrying amount, net of depreciation and amortization, that would have been determined if no impairment loss had been recognized for the asset for prior years.

Goodwill that forms part of the carrying amount of investments in equity-accounted investees is not separately recognized, and it is not tested for impairment separately. The entire carrying amount of the investments is tested for impairment as a single asset, whenever there is any objective evidence that the investments are impaired.

(10) Employee Benefits

1. Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans (see 2.). The Companies' net defined benefit obligations are calculated separately for each plan by estimating the future amount of benefit that employees have earned in exchange for their service for the previous years. The benefits are discounted to determine the present value, and any past service cost not yet recognized and fair value of plan assets are deducted.

The discount rates are equivalent to the market yields of AA credit-rated corporate bonds at the end of each reporting period that have maturity terms approximating those of the Companies' obligations. These calculations are performed annually by qualified actuaries using the projected unit credit method.

When plan amendments are made, the change in defined benefit obligations related to past service by employees are recognized in profit or loss on a straight-line basis over the average period until the benefits become vested. When the benefits vest immediately, the expense is recognized in profit or loss immediately.

The Companies recognize all of the actuarial gains and losses arising from defined benefit plans in other comprehensive income and immediately reclassify them from Other components of equity to Retained earnings.

2. Defined contribution plans

The employees of certain subsidiaries are provided with defined contribution plans. Defined contribution plans are post-employment benefit plans in which the Companies pay fixed contributions into separate entities and will have no legal or constructive obligation to make further contributions. The Obligations for contributions to defined contribution plans is recognized as an expense during the period when the service is rendered. Certain subsidiaries participate in multi-employer plans in addition to lump-sum benefit plans or pension benefit plans, and recognize the contribution during a period as an expense in profit or loss and contribution payable as a liability.

3. Short-term employee benefits

Short-term employee benefits are measured on an undiscounted basis and are expensed during the period when the service is rendered.

Bonus accrual is recognized as a liability, when the Companies have present legal or constructive obligations to pay as a result of past employee service, and when reliable estimates of the obligation can be made.

4. Share-based payments

The Companies have stock option plans as incentive plans for directors, executive officers, and corporate officers under the Companies' grade system. The fair value of stock options at the grant date is recognized as an employee expense over the vesting period from the grant date as a corresponding increase in equity. The fair value of the stock options is measured using the Black-Scholes or other model, taking into account the terms of the options granted. The Companies regularly review the assumptions made and revise estimates of the number of options that are expected to vest, when necessary.

(11) Provisions

Provisions are recognized when the Companies have present legal or constructive obligations as a result of past events, it is probable that outflows of resources embodying economic benefits will be required to settle the obligations, and reliable estimates can be made of the amount of the obligations. Provisions are discounted to their present value using a pre-tax rate that reflects the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance costs.

Asset retirement obligations

The Companies account for asset retirement obligations mainly related to the dismantlement of crude oil and coal mining and drilling facilities in accordance with the Companies' published environmental policies and the requirements of laws and regulations applicable to the Companies.

(12) Revenue

Revenue is measured at the fair value of the consideration for goods sold and services provided in the ordinary course of business, less sales related taxes.

Revenue from the sale of goods is recognized when all the following conditions have been satisfied:

- the Companies have transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Companies retain neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Companies; and
- the costs incurred in respect of the transaction can be measured reliably.

The outcome of a transaction involving rendering services can be estimated reliably, and revenue is recognized by reference to the stage of completion of the transaction at the end of the reporting period, when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity;
- the stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognized only to the extent of the expenses recognized that are recoverable.

The policies on revenue recognition, multiple-element transactions, and gross versus net in presentation of revenue are as follows;

1. Revenue from sales of tangible products

The Companies generate revenue from sales of tangible products (a) in connection with the Companies' wholesale, retail, manufacturing and processing operations, (b) in connection with the Companies' real estate operations, and (c) under long-term construction contracts.

(a) Wholesale, retail, manufacturing and processing operations

The Companies recognize revenue from sales of tangible products in connection with the Companies' wholesale, retail, manufacturing and processing operations when there is persuasive evidence such as the execution of a transaction based on a sales contract, that is, when the Companies have transferred to the buyer the significant risks and rewards of ownership of the goods, and it is probable that the economic benefits associated with the transaction will flow to the Companies, and the costs incurred in respect of the transaction and the possibility of product returns can be estimated reasonably, and the Companies do not retain continuing managerial involvement over the goods sold, and the amount of revenue can be measured reliably. Depending upon the terms of the contract, this may occur at the time of delivery or shipment or upon the attainment of customer acceptance. The conditions of acceptance are governed by the terms of the contract or customer arrangement and those not meeting the predetermined specifications are not recognized as revenue until the attainment of customer acceptance. The Companies' policy is not to accept product returns unless the products are defective. The Companies have no material exposure to losses under warranty provisions. Such losses are recognized when probable and estimable. The amounts of rebate and discounts are deducted from revenue, and they are not material. The Companies recognize revenue upon delivery, shipment, or upon the attainment of customer acceptance for steel service center operations in which the Companies process and cut steel sheets to customer specifications (Metal Products business unit segment), dealership operations in which the Companies sell automobiles to general consumers and distribute construction equipment and machinery to construction companies (Transportation & Construction Systems business unit segment), retail business operations such as supermarkets and drugstores (Media, Network & Lifestyle Retail business unit segment), and plastic products (Mineral Resources, Energy, Chemical & Electronics business unit segment).

(b) Real estate operations

Revenue from the sale of land, office buildings, and condominiums is recognized when all the following conditions are satisfied:

- the companies have transferred to the buyer the significant risks and rewards of ownership of the asset sold;
- the companies retain neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the asset sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Companies;
- the costs incurred or to be incurred in respect of the transaction can be measured reliably; and
- there are no significant clauses in sales agreements that oblige the Companies to complete the asset sold.

For sale transactions with some degree of continuing managerial involvement (for example, guarantee to the buyer), revenue recognized at the date of sale is reduced by the estimated exposure to loss measured at the fair value related to the continuing involvement.

In circumstances where the terms of the transaction provide for the Companies to receive additional consideration which is contingent upon fulfillment of certain conditions without risk of loss, and the transaction otherwise qualifies for profit recognition, the contingent future profits are recognized when the contingency is resolved.

In those cases where the Companies transfer to the buyer control and significant risks and rewards of ownership of the work in progress in its current state as construction progresses, and if all the criteria described above are met, revenue is recognized using the percentage of completion ("POC") method in accordance with IFRIC Interpretation 15 *Agreements for the Construction of Real Estate*.

(c) Long-term construction contracts

The Companies generate revenue from sales of tangible products under long-term construction contracts, principally in connection with the construction of power plants in which the Companies provide engineering, procurement and construction service (Infrastructure business unit segment).

Revenue from fixed price long-term construction contracts is recognized when the outcome of a contract can be estimated reliably. Revenue and costs are recognized generally by the POC method. Under the POC method, revenue is recognized by reference to the stage of completion measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. If circumstances arise that may change the original estimates of revenues, costs, or extent of progress toward completion, then, revisions to the estimates are made.

These revisions may result in increases or decreases in estimated revenues or estimated costs, and such revisions are reflected in profit or loss in which the circumstances that give rise to the revision become known by management. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized to the extent that it is probable that contract costs incurred will be recoverable. Contract costs are recognized as expenses in the period in which they are incurred.

The Companies review the cost performance and estimates to complete projections on its contracts at least on a quarterly basis. The impact of revisions of profit estimates on fixed price contracts are recognized in the period in which the revisions are made. The expected losses on fixed price contracts are recognized as an expense when such losses can be estimated. Provisions are recognized for contingent liabilities in the period in which they become known and estimable pursuant to specific contract terms and conditions.

When costs incurred by the end of reporting period plus recognized profits (less recognized losses) exceed progress billings, the surplus is presented as receivables from customers. For contracts where progress billings exceed contract costs incurred by the end of the reporting period plus recognized profits (less recognized losses), the surplus is presented as payables to customers. Amounts received before the related work is performed are recognized as liabilities and are included in “Advances from customers” in the consolidated statement of financial position. Amounts billed for work performed but not yet paid by the customer are reported in the consolidated statement of financial position and recognized as “Trade and other receivables” and some other assets.

2. Revenue from sales of services and others

The Companies also generate revenue from sales of services and others in connection with (a) customized software development and other software related services, (b) loans, finance leases and operating leases of commercial real estate, automobiles and vessels, and (c) other service arrangements to suppliers and customers such as arranging finance and coordinating logistics in connection with trading activities.

(a) Customized software development and other software related services

Revenue from customized software services contracts that require the Companies to develop, manufacture or modify information technology systems to a customer’s specification, and to provide related services, is recognized by reference to the stage of completion of the contract activity at the end of the reporting period. The stage of completion is estimated by reference to the proportion of contracts cost incurred for work performed to date. Revenue from maintenance is recognized over the contractual period or as the services are rendered (Media, Network & Lifestyle Retail business unit segment).

(b) Loans, finance leases and operating leases of commercial real estate, automobiles and vessels

Revenue from loans is recognized using the effective interest method over the terms of the loans, which is the rate that exactly discounts the estimated future cash receipts through the expected residual period of the financial asset to that asset’s net carrying amount.

Revenue from finance leases is calculated using the interest rate implicit in the lease, which is the discount rate that results in the aggregate present value of the minimum lease payments and the unguaranteed residual value to be equal to the sum of the fair value of the leased asset and any initial direct costs of the lessor.

Revenue from operating leases is recognized in profit or loss on a straight-line basis over the lease term.

The Companies recognize revenue from operating leases in connection with vessels leased to shipping companies (Transportation & Construction Systems business unit segment) and rental of commercial real estate (General Products & Real Estate business unit segment).

(c) Other service arrangements to suppliers and customers such as arranging finance and coordinating logistics in connection with trading activities

Revenue from other service arrangements includes transactions in which the Companies act between customer and supplier as an agent or broker to provide such services as arranging finance or coordinating logistics in connection with trading activities. Such revenue is recognized when the contracted services are rendered.

3. Multiple-element arrangements

The Companies enter into multiple-element transactions related revenue arrangements, which may include any combination of products, equipment, software, installation services and/or financing.

A multiple-element arrangement is separated into more than one unit of accounting if all of the following criteria are met:

- the delivered element(s) has (have) the standalone value to the customer;
- there is objective and reliable evidence of the fair value of the undelivered element(s); and
- if the arrangement includes a general right of return relative to the delivered element(s), the delivery or performance of the undelivered element(s) is considered probable and substantially in the control of the Companies.

If these criteria are not met, revenue is deferred until the earlier of when such criteria are met or when all of the undelivered elements are delivered. If there is objective and reliable evidence of fair value for all units of accounting in an arrangement, the arrangement consideration is allocated to the separate units of accounting based on each unit's relative fair value. There may be cases, however, in which there is objective and reliable evidence of fair value of the undelivered element(s) but no such evidence for the delivered element(s). In those cases, the residual method is used to allocate the arrangement consideration. Under the residual method, the amount of consideration allocated to the delivered element(s) equals the total arrangement consideration less the aggregate fair value of the undelivered element(s).

4. Gross versus net

In the ordinary course of business the Companies frequently act as an intermediary or agent in executing transactions with third parties. In these arrangements, the Companies determine whether to report revenue based on the "gross" amount billed to the ultimate customer for tangible products or services provided or on the "net" amount received from the customer after commissions and other payments to third parties. However, the amounts of "Gross profit" and "Profit for the year attributable to owners of the parent" are not affected by whether revenue is reported on a gross or net basis.

Determining whether revenue should be reported in gross or net is based on an assessment of whether the Companies are acting as a "principal" or an "agent" in a transaction. Accordingly, to the extent that the Companies are acting as a principal in a transaction, the Companies report revenue on a gross basis and to the extent that the Companies are acting as an agent in a transaction, the Companies report revenue on a net basis. The determination of whether the Companies are acting as a principal or an agent in a transaction involves judgment and is based on an evaluation of the terms of an arrangement with respect to exposure to the significant risks and rewards associated with the sale of tangible products or the rendering of services.

Factors that indicate that the Companies act as a principal, and thus recognize revenue on a gross basis include:

- the Companies have the primary responsibility for providing the goods or services to the customer or for fulfilling the orders;
- the Companies have inventory risk before or after the customer order, during shipping or on return;
- the Companies have latitude in establishing prices, either directly or indirectly; and
- the Companies bear the customer's credit risk for the amount receivable from the customer.

Factors that indicate that the Companies act as an agent, and thus recognize revenue on a net basis include:

- the consideration of services rendered (commission or fee) is fixed; and
- the consideration is determined by multiplying the amount of goods and services provided to customers by a stated percentage.

(13) Total Trading Transactions

Total trading transactions is a voluntary disclosure and represents the gross transaction volume of trading transactions, or the nominal aggregate value of the transactions for which the Companies act as a principal or as an agent. Total trading transactions is not meant to represent sales or revenues in accordance with IFRSs. Total trading transactions should not be construed as equivalent to, or a substitute or proxy for, revenues, or as an indicator of the operating performance, liquidity or cash flows generated by operating, investing or financing activities. A substantial part of total trading transactions represents transactions in which the Companies participate without physical acquisition of goods or without significant inventory risk. The Companies have included the information concerning total trading transactions because it is used by similar Japanese trading companies as an industry benchmark, and the Companies believe it is a useful supplement to results of operations data as a measure of the Companies' performance compared to other similar Japanese trading companies.

(14) Lease Payments

Operating lease payments are recognized in profit or loss on a straight-line basis over the lease term. Lease incentives are deemed as inseparable part of the total lease payments and are recognized over the lease term.

Minimum lease payments made under finance leases are allocated to finance costs and the reduction of the outstanding liabilities. Finance costs are allocated to each period during the lease term so as to produce a constant rate of interest on the remaining balance of liabilities.

Contingent fees are accounted for as adjustments to minimum lease payments over the remaining lease term, when an adjustment to the lease payments becomes certain.

The Companies assess whether an arrangement is, or contains, a lease at the inception of the arrangement. If fulfillment of the arrangement is dependent on the use of a specific asset, it contains a lease. Arrangements convey the right to use the assets when the arrangements convey to the Companies the right to control the use of the underlying assets. Payments and other consideration required by the arrangements are allocated at the inception of the arrangements or upon a reassessment of the arrangements into lease payments and payments of other elements on the basis of their relative fair values. If the Companies conclude that it is impracticable to separate the payments for finance leases reliably, assets and liabilities are recognized at the amount equal to the fair value of the underlying assets. Subsequently the liabilities are reduced as payments are made and finance costs incurred on liabilities are recognized using the Companies' incremental borrowing rate.

(15) Finance Income and Costs

Finance income mainly comprises interest income, dividend income, gains on sale of securities, changes in fair value of financial assets measured at FVTPL, gains on hedging instruments recognized in profit or loss. Interest income is recognized when incurred using the effective interest method. Dividend income is recognized on the date when the right to receive payment is established. Interest income from a financial asset (excluding financial assets measured at FVTPL) is accrued using the effective interest method.

Finance costs mainly comprise interest expense, losses on sale of securities, changes in fair value of financial assets measured at FVTPL, impairment loss on financial assets, losses on hedging instruments recognized in profit or loss. Borrowing costs that are not directly attributable to the acquisition, construction or production of qualifying assets are recognized in profit or loss using the effective interest method.

(16) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of certain qualifying assets, which take a considerable period of time to get ready for their intended use or sale, are added to the costs of those assets, until the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognized in profit or loss when incurred.

(17) Income Taxes

Income taxes comprise current taxes and deferred taxes. These are recognized in profit or loss, except for the taxes which arise from business combinations or are recognized either in other comprehensive income or directly in equity.

Current taxes are the expected taxes payables or receivables on the taxable profit, using the tax rates enacted or substantially enacted by the end of the reporting period, adjusted by taxes payables or receivables in prior years.

Deferred tax assets and liabilities are recognized on temporary differences between the carrying amounts of assets and liabilities for accounting purposes and their tax basis. Deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition of an asset or liability in a transaction which is not related to a business combination and, at the time of transaction, affects neither accounting profit nor taxable profit. Deferred tax liabilities are not recognized if the taxable temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and equity-accounted investees. However, if the Companies are able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future, deferred tax liabilities are not recognized. Deferred tax assets arising from deductible temporary differences associated with investments in subsidiaries and equity-accounted investees are recognized only to the extent that it is probable that there will be sufficient taxable profit against which the benefit of temporary differences can be utilized and the temporary differences will reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the temporary differences will reverse, based on tax laws that have been enacted or substantively enacted by the end of reporting period. Deferred tax assets and deferred tax liabilities are offset when: there is a legally enforceable right to offset current tax assets against current tax liabilities; and income taxes are levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax assets and liabilities on a net basis, or to realize the assets and settle the liabilities simultaneously.

Deferred tax assets are recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realized.

(18) Earnings per Share (attributable to owners of the parent)

The Companies disclose basic and diluted earnings per share (attributable to owners of the parent) related to common stock. Basic earnings per share is calculated by dividing profit for the year (attributable to owners of the parent) by the weighted average number of common stock outstanding during the reporting period, adjusted for the number of treasury stock acquired. For the purpose of calculating diluted earnings per share, profit for the year (attributable to owners of the parent) and the weighted average number of common stock outstanding, adjusted for the number of treasury stock, are adjusted for the effects of all dilutive potential common stock. Potential common stock of the Company is related to the stock option plan.

(19) Operating Segments

Operating segments are components of business activities from which the Companies may earn revenues and incur expenses, including revenues and expenses relating to transactions with other operating segments. Discrete financial information for operating results of all operating segments is available, and is regularly reviewed by management in order to determine the allocation of resources to the segment and assess its performance.

(20) New Standards and Interpretations Not Yet Applied

The new standards, interpretations, and amendments that have been issued as of the date of the approval for the consolidated financial statements which the Companies have not yet applied as of March 31, 2013, are as follows. The Companies are currently evaluating the potential impacts that application of these will have on the consolidated financial statements.

IFRSs	Title	Reporting periods on or after which the applications are required	Reporting periods of the application by the Companies (The reporting period ended)	Summaries of new IFRSs and amendments
IFRS 7	Financial Instruments: Disclosures	January 1, 2013	March 31, 2014	Disclosures of offsetting financial assets and financial liabilities
IFRS 10	Consolidated Financial Statements	January 1, 2013	March 31, 2014	Identification of the concept of control and use of control as the single basis for consolidation, irrespective of the nature of the investee (Replacement for IAS 27 and SIC 12*)
		January 1, 2014	March 31, 2015	Definition of an investment entity and exception to consolidation
IFRS 11	Joint Arrangements	January 1, 2013	March 31, 2014	Establishment of accounting for joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form (Replacement of IAS 31* and SIC 13*)
IFRS 12	Disclosure of Interests in Other Entities	January 1, 2013	March 31, 2014	Disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities. (Replacement of appropriate parts of IAS 27 and IAS 28*)
		January 1, 2014	March 31, 2015	Disclosure requirements for interests in unconsolidated subsidiaries of investment entities
IFRS 13	Fair Value Measurement	January 1, 2013	March 31, 2014	Establishment of a single framework when other IFRSs requires the measurement of fair values
IAS 1	Presentation of Financial Statements	July 1, 2012	March 31, 2014	Presentation of items of other comprehensive income
		January 1, 2013	March 31, 2014	Clarification of the requirements for comparative information
IAS 16	Property, Plant and Equipment	January 1, 2013	March 31, 2014	Classification of servicing equipment
IAS 19	Employee Benefits	January 1, 2013	March 31, 2014	Recognition of actuarial gains and losses and past service cost, and presentation and disclosure of post-employment benefits
IAS 27	Separate Financial Statements	January 1, 2014	March 31, 2015	Accounting for interests in separate financial statements of investment entities
IAS 32	Financial Instruments: Presentation	January 1, 2013	March 31, 2014	Accounting for income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction
		January 1, 2014	March 31, 2015	Presentation of offsetting financial assets and financial liabilities
IAS 36	Impairment of Assets	January 1, 2014	March 31, 2015	Recoverable amount disclosures for non-financial assets
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	January 1, 2013	March 31, 2014	Accounting for stripping costs in the production phase of a surface mine
IFRIC 21	Levies	January 1, 2014	March 31, 2015	Accounting for a liability to pay a levy

* When IFRS 10, IFRS 11 and IFRS 12 are applied, IAS 31, SIC 12 and SIC 13 are superseded, while amended and retitled IAS 27 "Separate Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" are effective.

4. SEGMENT INFORMATION

(1) Operating Segment

The Companies conduct business through seven industry-based business operating segments (business units) and two sets of regional operations (domestic and overseas). The Companies' industry-based business segments are:

Metal Products
Transportation & Construction Systems
Infrastructure
Media, Network & Lifestyle Retail
Mineral Resources, Energy, Chemical & Electronics
General Products & Real Estate
New Industry Development & Cross-function

"Trading" used in the following descriptions of the Companies' business units represents sales transactions where the business units act as a principal or an agent. See Note 3. (12) for the Companies' accounting policy on revenue recognition.

Metal Products—The Metal Products Business Unit segment engages in global trading involving ferrous and non-ferrous metal products and investment in processing and manufacturing. In steel sheets and tubular products businesses, the Companies offer supply chain management (SCM) services in response to the customer's precise needs. This segment consists of three Iron & Steel Divisions, the Tubular Products Division and the Non-Ferrous Products & Metals Division.

Transportation & Construction Systems—The Transportation & Construction Systems Business Unit segment engages in global transactions involving ships, aircrafts, transportation systems, motor vehicles, construction equipment and related components and parts. Activities of this segment range from trading, leasing and financing to designing and arranging the construction of public transportation systems. This segment consists of the Ship, Aerospace & Transportation Systems Division, two Automotive Divisions, and the Construction & Mining Systems Division.

Infrastructure—The Infrastructure Business Unit segment engages in a wide range of large-scale infrastructure development projects relating to, power generation, telecommunications facilities, water and sewage facilities. This segment also engages in constructing, investing and financing of infrastructure projects overseas and in supplying manufacturing equipment and systems, and electric power projects for various domestic industries. This segment also engages in trading and investing in businesses of telecommunications facilities, renewable energy such as wind power generation. This segment consists of the Telecommunication, Environment & Industrial Infrastructure Business Division and the Global Power Infrastructure Business Division.

Media, Network & Lifestyle Retail—The Media, Network & Lifestyle Retail Business Unit segment engages in cable TV operations, production and distribution of program, movie business, IT service businesses, cell-phone related business and various internet related businesses. This segment also engages in retail businesses such as supermarkets, drugstores, various mail order businesses and fashion business. With these businesses, this segment focuses on enhancing the value of each business, as well as to improve synergy among them. This segment consists of the Media Division, the Network Division and the Lifestyle & Retail Business Division.

Mineral Resources, Energy, Chemical & Electronics—The Mineral Resources, Energy, Chemical & Electronics Business Unit segment engages in the development and trading of mineral and energy resources including coal, iron ore, manganese, uranium, non-ferrous metals, precious metals, petroleum, natural gas and liquefied natural gas (LNG). This segment also trades petroleum products, liquefied petroleum gas (LPG), storage batteries, carbon products, plastics, organic and inorganic chemicals, silicon wafers, LEDs, pharmaceuticals, agricultural chemicals, household insecticide and pet supplies and is also involved and invests in those businesses. This segment also operates electronics manufacturing services (EMS) mainly in Asia. This segment consists of two Mineral Resources Divisions, the Energy Division, the Basic Chemicals & Electronics Division and the Life Science Division.

General Products & Real Estate—The General Products & Real Estate Business Unit segment engages in trading, marketing, manufacturing, selling, processing and distribution of food, foodstuffs, fertilizers, cement, timber, building materials, paper pulp, used paper and tires. This segment also engages in a variety of real estate activities relating to office buildings and commercial and residential properties. This segment consists of the Food Business Division, the Materials & Supplies Division and the Construction & Real Estate Division.

New Industry Development & Cross-function—The New Industry Development & Cross-function Business Unit segment engages in new industrial businesses such as photovoltaic power generation, environment-friendly recycling, low-carbonization and emission trading and batteries for electric vehicles, and is also involved in businesses such as trading materials of solar and lithium batteries and venture investments.

This segment also engages in finance-related businesses such as leasing business, commodity futures trading, derivative transactions and private equity investments, as well as providing logistics services such as delivery, customs clearance and transportation services, arrangements for insurance and development and operation of industrial parks. This segment consists of the New Business Development & Promotion Division, the Financial Service Division and the Logistics & Insurance Business Division.

Domestic Regional Business Units and Offices—The Domestic Regional Business Units and Offices segment conducts domestic regional operations in three regional business units, focused in the Kansai, Chubu and Kyushu-Okinawa regions, and two other regional offices. These regional operations conduct business activities in all industry sectors based on their specialized knowledge of the region. In addition, they work together on certain projects with the industry-based business units in order to develop products and services that are more focused on that particular region.

Overseas Subsidiaries and Branches—The Overseas Subsidiaries and Branches segment includes subsidiaries and branches located throughout the world, with operations in the Americas, Europe, China, and Asia. These regional operations conduct business activities in all industry sectors based on their specialized knowledge of the region. In addition, they work together on certain projects with the industry-based business units in order to develop products and services that are more focused on that particular region.

The reportable segments are organized based on the nature of products and services provided and on certain specific domestic and overseas region that oversee the business activities of all products and services in those regions. Each business segment operates with a degree of autonomy in pursuing its strategic goals, managing operations and ensuring accountability. Segment financial information is evaluated regularly by management in order to assess performance and determine the allocation of resources.

Information by operating segments for the years ended March 31, 2013 and 2012 is summarized as follows:

2013	Millions of Yen			
Segment	Revenue	Gross profit	Profit for the year (attributable to owners of the parent)	Total assets
Metal Products	**¥ 442,198**	**¥ 64,660**	**¥ 14,888**	**¥ 668,387**
Transportation & Construction Systems	**420,598**	**118,196**	**33,356**	**1,006,010**
Infrastructure	**97,791**	**34,560**	**12,093**	**526,487**
Media, Network & Lifestyle Retail	**592,848**	**186,508**	**52,262**	**988,697**
Mineral Resources, Energy, Chemical & Electronics	**249,755**	**79,577**	**46,191**	**1,337,518**
General Products & Real Estate	**340,197**	**100,474**	**16,389**	**794,441**
New Industry Development & Cross-function	**40,520**	**26,962**	**12,828**	**505,293**
Domestic Regional Business Units and Offices	**108,176**	**38,268**	**5,386**	**354,488**
Overseas Subsidiaries and Branches	**743,013**	**184,773**	**48,474**	**1,556,166**
Total	**3,035,096**	**833,978**	**241,867**	**7,737,487**
Corporate and Eliminations	**(18,847)**	**(7,016)**	**(9,416)**	**95,270**
Consolidated	**¥3,016,249**	**¥826,962**	**¥232,451**	**¥7,832,757**

2012	Millions of Yen			
Segment	Revenue	Gross profit	Profit for the year (attributable to owners of the parent)	Total assets
Metal Products	¥ 452,199	¥ 66,826	¥ 15,363	¥ 638,428
Transportation & Construction Systems	615,678	147,104	29,609	900,810
Infrastructure	93,810	31,232	9,995	563,075
Media, Network & Lifestyle Retail	675,003	221,081	29,842	1,031,574
Mineral Resources, Energy, Chemical & Electronics	283,101	112,822	89,833	1,171,322
General Products & Real Estate	342,482	100,155	19,663	771,642
New Industry Development & Cross-function	40,375	27,836	14,572	549,652
Domestic Regional Business Units and Offices	69,319	37,660	4,998	419,557
Overseas Subsidiaries and Branches	708,203	178,958	48,923	1,151,957
Total	3,280,170	923,674	262,798	7,198,017
Corporate and Eliminations	(19,175)	(4,849)	(12,129)	28,752
Consolidated	¥3,260,995	¥918,825	¥250,669	¥7,226,769

2013	Millions of U.S. Dollars			
Segment	Revenue	Gross profit	Profit for the year (attributable to owners of the parent)	Total assets
Metal Products	**$ 4,704**	**$ 688**	**$ 158**	**$ 7,111**
Transportation & Construction Systems	**4,475**	**1,257**	**355**	**10,702**
Infrastructure	**1,040**	**368**	**129**	**5,601**
Media, Network & Lifestyle Retail	**6,307**	**1,984**	**556**	**10,518**
Mineral Resources, Energy, Chemical & Electronics	**2,657**	**846**	**491**	**14,229**
General Products & Real Estate	**3,619**	**1,069**	**174**	**8,452**
New Industry Development & Cross-function	**431**	**287**	**137**	**5,375**
Domestic Regional Business Units and Offices	**1,151**	**407**	**57**	**3,771**
Overseas Subsidiaries and Branches	**7,904**	**1,966**	**516**	**16,555**
Total	**32,288**	**8,872**	**2,573**	**82,314**
Corporate and Eliminations	**(200)**	**(75)**	**(100)**	**1,013**
Consolidated	**$32,088**	**$8,797**	**$2,473**	**$83,327**

Corporate assets consist primarily of cash and cash equivalents and marketable securities maintained by corporate headquarters that are not related to specific operating segments.

Profit for the year (attributable to owners of the parent) in Corporate and Eliminations includes certain profits and losses that are not allocated to operating segments and intersegment eliminations.

The certain profits and losses in Corporate and Eliminations are reallocated once the Company determines those attributable operating segments.

Transactions between segments are made on an arm's-length basis.

In the fiscal year ended March 31, 2013, the Company changed reportable segments for the part of the interest in certain subsidiaries that resulted in the decrease of the total assets of the Infrastructure segment by ¥78,805 million ($838 million), and the increase of the total assets of the Overseas Subsidiaries and Branches segment by the same amount.

Management regularly makes such a review that each business is conducted under appropriate business segment whereby the Company can make best allocation of its business resources and functions. Above change was the result of those review.

(2) Geographic Information

The Companies' revenue by geographical areas for the years ended March 31, 2013 and 2012 is as follows:

	Millions of Yen		Millions of U.S. Dollars
	2013	2012	**2013**
Japan	**¥1,431,273**	¥1,714,583	**$15,226**
Asia	**278,440**	246,205	**2,962**
North America:			
U.S.	**657,436**	634,569	**6,994**
Others	**141,471**	144,427	**1,505**
Europe	**269,858**	300,137	**2,871**
Others	**237,771**	221,074	**2,530**
Total	**¥3,016,249**	¥3,260,995	**$32,088**

The carrying amount of non-current assets, excluding Financial assets and Deferred tax assets, by geographical areas as of March 31, 2013 and 2012 is as follows:

	Millions of Yen		Millions of U.S. Dollars
	2013	2012	**2013**
Japan	**¥ 585,266**	¥ 683,409	**$ 6,226**
Asia	**49,572**	45,566	**527**
North America:			
U.S.	**341,042**	179,037	**3,628**
Others	**21,579**	16,487	**230**
Europe	**198,278**	134,279	**2,109**
Others	**228,033**	131,389	**2,426**
Total	**¥1,423,770**	¥1,190,167	**$15,146**

Breakdown by products and services are not available.

5. ACQUISITION OF SUBSIDIARIES

For the year ended March 31, 2013

Business combinations during the year ended March 31, 2013 mainly consist of an auto repair and maintenance services business in the U.S., a construction equipment rental business in the U.S. and a water only supply and distribution business in England. The aggregated acquisition-date fair value of the consideration transferred which consists of cash, the previously held equity interest, assets acquired and liabilities assumed, and non-controlling interests are as follows:

As the initial accounting for certain business combinations is incomplete as of the issuance date of the consolidated financial statements, the Companies report provisional amounts for the item for which the acquisition accounting is incomplete.

	Millions of Yen	Millions of U.S. Dollars
Fair value of the consideration transferred	**¥ 79,138**	**$ 842**
Fair value of the previously held equity interest	**6,765**	**72**
Total	**85,903**	**914**
Total assets	**143,161**	**1,523**
Total liabilities	**(95,527)**	**(1,016)**
Net assets	**47,634**	**507**
Non-controlling interests	**(3,550)**	**(38)**
Goodwill	**42,604**	**453**
Total	**¥ 86,688**	**$ 922**

Goodwill consists primarily of future economic benefits and synergies with existing operations. In certain business combinations, gains on bargain purchase of ¥785 million ($8 million) are recognized and are included in “Other, net” in the Consolidated statement of comprehensive income for the year ended March 31, 2013.

Non-controlling interests were measured at the ownership interests’ proportionate share in the recognized amounts of the acquiree’s identifiable net assets.

For the year ended March 31, 2012

On April 18, 2011, the Company and Sumisho Computer Systems Corporation (“SCS”), a subsidiary of the Company, jointly undertook the tender offer for the purpose of acquiring common shares, the seventh series stock acquisition rights and the class F preferred shares of CSK Corporation (“CSK”) who operates BPO (business process outsourcing), IT management and other businesses and the Company acquired 54.17% of the voting rights. The Companies decided to jointly acquire the shares to improve its corporate value by increasing its competitiveness in the IT services industry, which is a strategic industry sector, and to further advance the informational infrastructure of the Companies.

Effective October 1, 2011, CSK has been merged with SCS and renamed as SCSK Corporation.

The acquisition-date fair value of the consideration transferred which consists of cash, the previously held equity interest, assets acquired and liabilities assumed, and non-controlling interests are as follows:

	Millions of Yen
Fair value of the consideration transferred	¥ 19,698
Fair value of the previously held equity interest	15,064
Total	34,762
Cash and cash equivalents	51,672
Trade and other receivables	29,585
Other current assets	22,036
Property, plant and equipment	18,638
Intangible assets	26,915
Other non-current assets	89,581
Current liabilities	(123,570)
Non-current liabilities	(90,841)
Net assets	24,016
Non-controlling interests	(9,446)
Goodwill	20,192
Total	¥ 34,762

Goodwill consists primarily of future economic benefits and synergies with existing operations and is recognized in the Media, Network & Lifestyle Retail segment. Non-controlling interests were measured at the ownership interests' proportionate share in the recognized amounts of the acquiree's identifiable net assets.

The acquisition-related costs of ¥398 million are included in "Selling, general and administrative expenses" in the Consolidated statement of comprehensive income for the year ended March 31, 2012.

Business combinations other than CSK during the year ended March 31, 2012 mainly consist of integrated supply business of agricultural materials and consulting business in oil and gas development technology. The aggregated consideration transferred at the acquisition date for these business combinations was ¥3,915 million and was paid fully in cash. The aggregated fair value of assets acquired and liabilities assumed, and non-controlling interests were ¥6,823 million, ¥2,666 million and ¥224 million, respectively.

6. MARKETABLE SECURITIES AND OTHER INVESTMENTS

The amounts of "Marketable securities" and "Other investments" in the Consolidated statement of financial position are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2013	2012	**2013**
Marketable securities:			
FVTPL	**¥ 28,543**	¥ 14,904	**$ 304**
Amortized cost	**1,110**	5,570	**12**
Total	**29,653**	20,474	**316**
Other investments:			
FVTPL	**45,134**	57,313	**480**
FVTOCI	**469,079**	413,777	**4,990**
Amortized cost	**6,749**	5,820	**72**
Total	**¥520,962**	¥476,910	**$5,542**

The fair values of "Marketable securities" and "Other investments" measured at amortized cost as of March 31, 2013 and 2012 are ¥7,859 million ($84 million) and ¥11,439 million, respectively.

The Companies classify investments as financial assets measured at FVTOCI when those investments are held for the objective of expanding the revenue base through maintenance and reinforcement of relationships with investees.

The fair value and dividends received from "Other investments" measured at FVTOCI held as of March 31, 2013 and 2012 are as follows:

	Millions of Yen				Millions of U.S. Dollars	
	2013		2012		**2013**	
	Fair value	Dividends	Fair value	Dividends	Fair value	Dividends
Listed	**¥331,986**	**¥ 3,844**	**¥284,091**	**¥ 4,646**	**$3,532**	**$ 41**
Unlisted	**137,093**	**6,757**	**129,686**	**5,699**	**1,458**	**72**
Total	**¥469,079**	**¥10,601**	**¥413,777**	**¥10,345**	**$4,990**	**$113**

The fair values of "Other investments" measured at FVTOCI as of March 31, 2013 mainly consist of the following:

	Millions of Yen	Millions of U.S. Dollars
	2013	**2013**
NIPPON STEEL & SUMITOMO METAL CORPORATION	**¥85,215**	**$907**
SMFG PREFERRED CAPITAL JPY 2 LIMITED–preferred equity investment	**20,863**	**222**
Sumitomo Realty & Development Co., LTD.	**18,575**	**198**
TOYOTA MOTOR CORPORATION	**16,288**	**173**
Sumitomo Mitsui Trust Holdings, Inc.–preferred stock	**15,862**	**169**
Sumitomo Rubber Industries, Ltd.	**15,404**	**164**
Mazda Motor Corporation	**15,008**	**160**
YAMAZAKI BAKING CO., LTD.	**11,974**	**127**
Asahi Group Holdings, Ltd.	**11,047**	**118**
SKY Perfect JSAT Holdings Inc.	**9,849**	**105**
ISUZU MOTORS LIMITED	**9,477**	**101**
Sumitomo Metal Mining Co., Ltd.	**9,401**	**100**
MS&AD Insurance Group Holdings, Inc.	**8,667**	**92**
Honda Motor Co., Ltd.	**7,110**	**76**
YAMATO KOGYO CO., LTD.	**6,797**	**72**
NISSHIN SEIFUN GROUP INC.	**6,439**	**69**
KATO SANGYO CO., LTD.	**6,351**	**68**
Sumitomo Electric Industries, Ltd.	**5,814**	**62**
The Dai-ichi Life Insurance Company, Limited	**4,648**	**49**

The fair values of "Other investments" measured at FVTOCI as of March 31, 2012 mainly consist of the following:

	Millions of Yen
	2012
Sumitomo Metal Industries, Ltd.	¥76,540
SMFG PREFERRED CAPITAL JPY 2 LIMITED–preferred equity investment	21,502
Sumitomo Mitsui Trust Holdings, Inc.–preferred stock	16,122
TOYOTA MOTOR CORPORATION	11,965
YAMAZAKI BAKING CO., LTD.	11,095
Sumitomo Rubber Industries, Ltd.	10,561
Sumitomo Realty & Development Co., LTD.	10,308
Asahi Group Holdings, Ltd.	9,004
MS&AD Insurance Group Holdings, Inc.	8,690
ISUZU MOTORS LIMITED	8,282
Sumitomo Metal Mining Co., Ltd.	8,141
SKY Perfect JSAT Holdings Inc.	8,113
Mazda Motor Corporation	7,744
Honda Motor Co., Ltd.	6,290
YAMATO KOGYO CO., LTD.	5,943
NIPPON STEEL CORPORATION	5,845
Sumitomo Electric Industries, Ltd.	5,674
KATO SANGYO CO., LTD.	5,343
NISSHIN SEIFUN GROUP INC.	5,040
The Dai-ichi Life Insurance Company, Limited	4,199
Rengo Co., LTD.	3,590

"Other investments" measured at FVTOCI which were disposed of during the years ended March 31, 2013 and 2012 are as follows:

Millions of Yen						Millions of U.S. Dollars		
2013			2012			**2013**		
Fair value at the date of sale	Cumulative gains or (losses)	Dividends	Fair value at the date of sale	Cumulative gains or (losses)	Dividends	Fair value at the date of sale	Cumulative gains or (losses)	Dividends
¥87,207	**¥(29,685)**	**¥600**	**¥26,081**	**¥2,521**	**¥363**	**$928**	**$(316)**	**$6**

The Companies sold or exchanged the investments mainly as a result of reviewing business relationships or as a result of business combinations in the investees. In connection with the disposal, the Companies reclassified cumulative losses (net of tax) of ¥18,879 million ($201 million) and gains (net of tax) of ¥1,651 million from Other components of equity to Retained earnings for the years ended March 31, 2013 and 2012, respectively.

For financial assets measured at FVTOCI of which the decline in fair value compared to its acquisition cost is significant and other than temporary, the Companies reclassified cumulative losses (net of tax) of ¥7,458 million ($79 million) and ¥2,035 million from Other components of equity to Retained earnings for the years ended March 31, 2013 and 2012, respectively.

7. TRADE AND OTHER RECEIVABLES

The components of Trade and other receivables as of March 31, 2013 and 2012 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2013	2012	**2013**
Notes receivable	**¥ 95,261**	¥ 123,131	**$ 1,013**
Accounts receivable	**1,132,131**	1,142,320	**12,044**
Receivables due from equity-accounted investees	**192,761**	170,051	**2,051**
Loans receivable	**304,232**	286,489	**3,237**
Finance lease receivable	**352,904**	382,318	**3,754**
Other receivables	**92,152**	93,271	**980**
Less: Allowance for doubtful receivables	**(34,413)**	(37,488)	**(366)**
Trade and other receivables	**¥2,135,028**	¥2,160,092	**$22,713**

Financial assets measured at FVTPL of ¥37,994 million ($404 million) and ¥40,253 million were included in Accounts receivable, and ¥3,000 million ($32 million) and ¥3,000 million were included in Loans receivable as of March 31, 2013 and 2012, respectively.

The components of Trade and other receivables in the Consolidated statement of financial position as of March 31, 2013 and 2012 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2013	2012	**2013**
Current assets	**¥1,470,942**	¥1,514,360	**$15,648**
Non-current assets	**664,086**	645,732	**7,065**
Total	**¥2,135,028**	¥2,160,092	**$22,713**

Trade and other receivables by operating segment as of March 31, 2013 and 2012 are summarized as follows:

	Millions of Yen		Millions of U.S. Dollars
	2013	2012	**2013**
Metal Products	**¥ 266,977**	¥ 285,438	**$ 2,840**
Transportation & Construction Systems	**377,465**	364,988	**4,016**
Infrastructure	**339,822**	424,912	**3,615**
Media, Network & Lifestyle Retail	**115,383**	123,367	**1,228**
Mineral Resources, Energy, Chemical & Electronics	**389,470**	348,259	**4,143**
General Products & Real Estate	**125,585**	134,481	**1,336**
New Industry Development & Cross-function	**77,626**	84,808	**826**
Others	**442,700**	393,839	**4,709**
Trade and other receivables	**¥2,135,028**	¥2,160,092	**$22,713**

Certain notes receivables derived from mainly export transactions are transferred to banks on a discounted basis. The Companies are liable to the banks for defaults by the note issuer. As such, the Companies continue to recognize the discounted notes receivables of ¥3,514 million ($37 million) and ¥7,329 million as of March 31, 2013 and 2012, respectively, and these discounted notes are presented in "Trade and other receivables" in the Consolidated statement of financial position. The associated liabilities of ¥3,514 million ($37 million) and ¥7,329 million are presented in "Bonds and borrowings."

Allowance for doubtful receivables is recognized against the receivables based on estimated irrecoverable amounts determined by considering individual customers' risk factors such as historical performance, recent developments, changes in original terms, internal risk-ratings, industry trends, and other specific factors as well as general risk factors, including sovereign risk of the country where the customer resides. Credit insurance and collateral obtained are also considered in the estimation of irrecoverable amounts.

Movements in Allowance for doubtful receivables for the years ended March 31, 2013 and 2012 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2013	2012	**2013**
Balance, beginning of year	**¥ 37,488**	¥ 43,128	**$ 399**
Impairment losses	**8,472**	10,207	**90**
Charge-off	**(14,450)**	(15,048)	**(154)**
Exchange differences on translating foreign operations	**2,903**	(799)	**31**
Balance, end of year	**¥ 34,413**	¥ 37,488	**$ 366**

As of March 31, 2013 and 2012, the total gross amount of impaired trade and other receivables was ¥40,658 million ($433 million) and ¥42,508 million, respectively and the cumulative impairment losses recognized as of March 31, 2013 and 2012 were ¥18,788 million ($200 million) and ¥22,044 million, respectively.

The age of trade and other receivables that are past due but not impaired as of March 31, 2013 and 2012 are as follows:

Receivables disclosed below include amounts considered recoverable through credit insurance and collateral and are not considered to be impaired as of March 31, 2013 and 2012.

	Millions of Yen		Millions of U.S. Dollars
	2013	2012	**2013**
Past due within 90 days	**¥ 79,397**	¥68,362	**$ 845**
Past due over 90 days until 1 year	**13,163**	5,622	**140**
Past due over 1 year	**8,068**	6,524	**86**
Total	**¥100,628**	¥80,508	**$1,071**

8. LEASES

(1) As lessor

The Companies lease office buildings and other industrial machinery and equipment to third parties under arrangements which are classified as cancelable or non-cancelable operating leases. Costs of the leased properties as of March 31, 2013 and 2012 were ¥380,406 million ($4,047 million) and ¥351,960 million, respectively. Accumulated depreciation and accumulated impairment losses as of March 31, 2013 and 2012 were ¥87,939 million ($936 million) and ¥94,309 million, respectively. These assets were included in "Property, plant and equipment," "Intangible assets," and "Investment property" in the Consolidated statement of financial position.

Future minimum lease payments receivable under non-cancelable operating leases as of March 31, 2013 and 2012 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2013	2012	**2013**
Due in one year or less	**¥22,249**	¥27,468	**$237**
Due after one year through five years	**44,452**	55,671	**473**
Due after five years	**33,966**	27,739	**361**

The Companies lease vehicles, vessels, power stations, service equipment and other assets under arrangements which are classified as finance leases under International Accounting Standard No.17 *Leases* ("IAS 17"). The most significant leased item is a coal-fired thermal power plant owned by the Companies in Indonesia and currently leased to the Indonesian state-owned electricity corporation.

Future receivable under finance leases as of March 31, 2013 and 2012 are as follows:

	Minimum lease payments receivable		
	Millions of Yen		Millions of U.S. Dollars
	2013	2012	**2013**
Due in one year or less	**¥ 55,755**	¥ 71,261	**$ 593**
Due after one year through five years	**213,716**	229,437	**2,274**
Due after five years	**243,127**	267,198	**2,586**
Unguaranteed residual value	**2,223**	3,774	**24**
Less: Future finance income	**(161,917)**	(189,352)	**(1,723)**
Present value of minimum lease payments receivable	**¥ 352,904**	¥ 382,318	**$3,754**

	Present value of minimum lease payments receivable		
	Millions of Yen		Millions of U.S. Dollars
	2013	2012	**2013**
Due in one year or less	**¥ 38,385**	¥ 40,371	**$ 408**
Due after one year through five years	**147,136**	137,382	**1,565**
Due after five years	**167,383**	204,565	**1,781**

Contingent rental income recognized in profit or loss for the years ended March 31, 2013 and 2012 were ¥55 million ($1 million) and ¥1,634 million, respectively.

(2) As lessee

The Companies lease office space and certain other assets under cancelable or non-cancelable operating leases. Total rental expenses under such leases for the years ended March 31, 2013 and 2012 were ¥65,783 million ($700 million) and ¥68,660 million, respectively.

Future minimum lease payments under non-cancelable operating leases as of March 31, 2013 and 2012 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2013	2012	**2013**
Due in one year or less	**¥ 43,477**	¥ 44,381	**$ 463**
Due after one year through five years	**125,551**	136,105	**1,336**
Due after five years	**229,959**	216,289	**2,446**

The Companies also lease equipment and other assets under arrangements which are classified as finance leases under IAS 17. Costs of the leased properties as of March 31, 2013 and 2012 were ¥67,212 million ($715 million) and ¥63,270 million, respectively. Accumulated depreciation and accumulated impairment losses as of March 31, 2013 and 2012 were ¥20,666 million ($220 million) and ¥23,004 million, respectively. These assets are included in "Property, plant and equipment" and "Intangible assets" in the Consolidated statement of financial position.

Future payments under finance leases as of March 31, 2013 and 2012 are as follows:

	Minimum lease payments		
	Millions of Yen		Millions of U.S. Dollars
	2013	2012	**2013**
Due in one year or less	**¥ 10,073**	¥ 10,161	**$ 107**
Due after one year through five years	**32,908**	31,992	**350**
Due after five years	**63,033**	57,398	**671**
Less: Future finance cost	**(39,692)**	(39,969)	**(422)**
Present value of minimum lease payments	**¥ 66,322**	¥ 59,582	**$ 706**

	Present value of minimum lease payments		
	Millions of Yen		Millions of U.S. Dollars
	2013	2012	**2013**
Due in one year or less	**¥ 5,808**	¥ 5,605	**$ 62**
Due after one year through five years	**18,390**	18,501	**196**
Due after five years	**42,124**	35,476	**448**

The total amount of lease payments included in “Cost” for the years ended March 31, 2013 and 2012 are ¥9,144 million ($97 million) and ¥8,813 million, respectively.

9. CONSTRUCTION CONTRACTS

(1) Long-term Construction Contracts

Amounts due from and due to customers under long-term construction contracts as of March 31, 2013 and 2012 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2013	2012	**2013**
Contracts in progress			
Amounts due from customers under construction contracts, included in Trade and other receivables and others	**¥ 19,166**	¥ 14,298	**$ 204**
Amounts due to customers under construction contracts, included in Advances from customers and others	**(5,221)**	(5,908)	**(56)**
Construction costs incurred and profits recognized less losses recognized to date	**¥ 80,516**	¥ 56,824	**$ 856**
Less: progress billings	**(66,571)**	(48,434)	**(708)**
Amounts due from (to) customers	**¥ 13,945**	¥ 8,390	**$ 148**

Advances received from customers for contract work before the related work is performed as of March 31, 2013 and 2012 were ¥10,527 million ($112 million) and ¥656 million, respectively. There were no retentions held by customers for contract work as of March 31, 2013 and 2012.

Contract revenue for the years ended March 31, 2013 and 2012 were ¥87,595 million ($932 million) and ¥90,961 million, respectively.

(2) Real Estate Construction Contracts

There were no advances received from customers before the related work is performed as of March 31, 2013 and 2012.

There was no amount of revenue arising from agreements for the years ended March 31, 2013.

The amount of revenue arising from agreements for the years ended March 31, 2012 was ¥28,171 million.

10. INVENTORIES

The components of Inventories as of March 31, 2013 and 2012 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2013	2012	**2013**
Real estate held for development and resale	**¥ 73,718**	¥ 75,790	**$ 784**
Commodities	**601,540**	557,474	**6,399**
Materials/work in progress	**95,192**	73,841	**1,013**
Inventories	**¥770,450**	¥707,105	**$8,196**

The carrying amounts of Inventories measured at fair value less costs to sell as of March 31, 2013 and 2012 were ¥65,590 million ($698 million) and ¥80,879 million, respectively.

The write-down of Inventories recognized as expense for the years ended March 31, 2013 and 2012 was ¥2,909 million ($31 million) and ¥6,680 million, respectively.

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Summarized financial information of equity-accounted investees as of, and for the years ended, March 31, 2013 and 2012 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2013	2012	**2013**
Total assets	**¥9,967,613**	¥8,367,786	**$106,039**
Total liabilities	**6,402,779**	5,359,385	**68,115**
Total equity	**3,564,834**	3,008,401	**37,924**

	Millions of Yen		Millions of U.S. Dollars
	2013	2012	**2013**
Gross profit	**¥916,391**	¥913,250	**$9,749**
Profit for the year	**309,739**	349,304	**3,295**

The fair values of equity-accounted investees for which there are published price quotations as of March 31, 2013 and 2012 were ¥390,886 million ($4,158 million) and ¥264,583 million, respectively. The carrying amount of these investments as of March 31, 2013 and 2012 were ¥317,122 million ($3,374 million) and ¥303,004 million, respectively.

The Companies engage in various agency transactions between equity-accounted investees and third parties. Net fees earned on these transactions are not material.

Transactions with equity-accounted investees for the years ended March 31, 2013 and 2012 are summarized as follows:

	Millions of Yen		Millions of U.S. Dollars
	2013	2012	**2013**
Management and secondment fees, received	**¥3,924**	¥3,489	**$42**
Interest income	**2,603**	920	**28**
Interest expense	**479**	438	**5**

Transactions with equity-accounted investees stated above are made on an arm's length basis.

Significant interests in jointly controlled entities are 50% equity interest of LNG Japan Corporation held by the Mineral Resources, Energy, Chemical & Electronics segment and 50% equity interest of Jupiter Shop Channel Co., Ltd. held by the Media, Network & Lifestyle Retail segment.

12. PROPERTY, PLANT AND EQUIPMENT

Cost and accumulated depreciation and impairment losses of property, plant and equipment as of March 31, 2013 and 2012 are as follows:

[Cost]

	Millions of Yen					
	Land and land improvements	Buildings including leasehold improvements	Machinery and equipment	Projects in progress	Mining rights	Total
Balance as of April 1, 2011	¥88,124	¥268,951	¥1,027,319	¥ 12,386	¥ 74,184	¥1,470,964
Acquisitions	1,683	7,435	125,167	29,247	12,099	175,631
Reclassification	129	8,781	12,268	(21,178)	—	—
Acquisitions through business combinations	8,014	8,391	8,118	—	—	24,523
Deconsolidation of subsidiaries	(2,244)	(18,615)	(522,227)	(640)	(313)	(544,039)
Disposals or reclassification to assets classified as held for sale	(7,008)	(11,251)	(86,612)	(218)	—	(105,089)
Exchange differences on translating foreign operations	(470)	(2,836)	(9,303)	(124)	(2,625)	(15,358)
Others	1,914	4,482	(1,301)	(446)	(1,636)	3,013
Balance as of March 31, 2012	90,142	265,338	553,429	19,027	81,709	1,009,645
Acquisitions	**3,593**	**10,019**	**55,563**	**32,049**	**97,210**	**198,434**
Reclassification	**121**	**6,989**	**18,503**	**(25,613)**	**—**	**—**
Acquisitions through business combinations	**5,182**	**28,419**	**35,255**	**2,863**	**—**	**71,719**
Deconsolidation of subsidiaries	**(1,257)**	**(7,633)**	**(62,831)**	**(622)**	**—**	**(72,343)**
Disposals	**(2,755)**	**(7,676)**	**(29,668)**	**(28)**	**(4,933)**	**(45,060)**
Exchange differences on translating foreign operations	**2,408**	**13,441**	**65,237**	**3,161**	**19,314**	**103,561**
Others	**414**	**2,298**	**253**	**(733)**	**150**	**2,382**
Balance as of March 31, 2013	**¥97,848**	**¥311,195**	**¥ 635,741**	**¥ 30,104**	**¥193,450**	**¥1,268,338**

	Millions of U.S. Dollars					
	Land and land improvements	Buildings including leasehold improvements	Machinery and equipment	Projects in progress	Mining rights	Total
Balance as of March 31, 2012	$ 959	$2,823	$5,888	$ 202	$ 869	$10,741
Acquisitions	**38**	**107**	**591**	**341**	**1,034**	**2,111**
Reclassification	**1**	**74**	**197**	**(272)**	**—**	**—**
Acquisitions through business combinations	**55**	**302**	**375**	**30**	**—**	**762**
Deconsolidation of subsidiaries	**(13)**	**(81)**	**(668)**	**(7)**	**—**	**(769)**
Disposals	**(29)**	**(82)**	**(316)**	**(0)**	**(52)**	**(479)**
Exchange differences on translating foreign operations	**26**	**143**	**694**	**34**	**205**	**1,102**
Others	**4**	**25**	**2**	**(8)**	**2**	**25**
Balance as of March 31, 2013	**$1,041**	**$3,311**	**$6,763**	**$ 320**	**$2,058**	**$13,493**

[Accumulated depreciation and impairment losses]

	Millions of Yen				
	Land and land improvements	Buildings including leasehold improvements	Machinery and equipment	Mining rights	Total
Balance as of April 1, 2011	¥ (935)	¥(117,385)	¥(525,967)	¥(13,242)	¥(657,529)
Deconsolidation of subsidiaries	—	8,408	301,761	313	310,482
Disposals or reclassification to assets classified as held for sale	105	6,393	55,565	—	62,063
Depreciation expenses	—	(14,821)	(102,981)	(4,432)	(122,234)
Impairment losses	(463)	(2,236)	(327)	(587)	(3,613)
Exchange differences on translating foreign operations	(1)	888	2,915	394	4,196
Others	116	588	3,156	(15)	3,845
Balance as of March 31, 2012	(1,178)	(118,165)	(265,878)	(17,569)	(402,790)
Deconsolidation of subsidiaries	**—**	**3,868**	**27,849**	**—**	**31,717**
Disposals	**444**	**4,773**	**20,499**	**587**	**26,303**
Depreciation expenses	**—**	**(14,787)**	**(49,805)**	**(5,145)**	**(69,737)**
Impairment losses	**(2,317)**	**(1,938)**	**(1,158)**	**(1,062)**	**(6,475)**
Exchange differences on translating foreign operations	**(33)**	**(3,587)**	**(22,307)**	**(2,944)**	**(28,871)**
Others	**949**	**903**	**1,731**	**(87)**	**3,496**
Balance as of March 31, 2013	**¥(2,135)**	**¥(128,933)**	**¥(289,069)**	**¥(26,220)**	**¥(446,357)**

	Millions of U.S. Dollars				
	Land and land improvements	Buildings including leasehold improvements	Machinery and equipment	Mining rights	Total
Balance as of March 31, 2012	$(13)	$(1,257)	$(2,828)	$(187)	$(4,285)
Deconsolidation of subsidiaries	**—**	**41**	**296**	**—**	**337**
Disposals	**5**	**51**	**218**	**6**	**280**
Depreciation expenses	**—**	**(157)**	**(530)**	**(55)**	**(742)**
Impairment losses	**(24)**	**(21)**	**(12)**	**(11)**	**(68)**
Exchange differences on translating foreign operations	**(1)**	**(38)**	**(237)**	**(31)**	**(307)**
Others	**10**	**9**	**18**	**(1)**	**36**
Balance as of March 31, 2013	**$(23)**	**$(1,372)**	**$(3,075)**	**$(279)**	**$(4,749)**

The Companies invested in tight oil development projects, which is operated by Devon Energy Corporation in the Permian Basin, Texas (“the Project”) for the year ended March 31, 2013.

The Companies own 30% interest in the Project and plan to invest approximately $2.0 billion for the mining rights and its share of development costs in stages over a period of around three years.

[Carrying amount]

	Land and land improvements	Buildings including leasehold improvements	Machinery and equipment	Projects in progress	Mining rights	Total
2013 (Millions of Yen)	**¥95,713**	**¥182,262**	**¥346,672**	**¥30,104**	**¥167,230**	**¥821,981**
2012 (Millions of Yen)	¥88,964	¥147,173	¥287,551	¥19,027	¥ 64,140	¥606,855
2013 (Millions of U.S. Dollars)	**$1,018**	**$1,939**	**$3,688**	**$320**	**$1,779**	**$8,744**

The losses recognized from impairment are included in “Impairment losses on long-lived assets” in the Consolidated statement of comprehensive income.

These impairment losses by operating segment for the years ended March 31, 2013 and 2012 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2013	2012	2013
Metal Products	**¥(2,729)**	¥(1,199)	**$(29)**
Transportation & Construction Systems	**(68)**	(660)	**(1)**
Infrastructure	**—**	—	**—**
Media, Network & Lifestyle Retail	**(995)**	(796)	**(11)**
Mineral Resources, Energy, Chemical & Electronics	**(743)**	(843)	**(8)**
General Products & Real Estate	**(59)**	(11)	**(1)**
New Industry Development & Cross-function	**(236)**	(19)	**(2)**
Domestic Regional Business Units and Offices	**(39)**	(4)	**(0)**
Overseas Subsidiaries and Branches	**(291)**	(54)	**(3)**
Corporate and Eliminations	**(1,315)**	(27)	**(13)**
Total	**¥(6,475)**	¥(3,613)	**$(68)**

The carrying amounts of assets held under finance leases (net of accumulated depreciation expenses and impairment losses) included in "Property, plant and equipment" as of March 31, 2013 and 2012 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2013	2012	2013
Buildings including leasehold improvements	**¥16,320**	¥13,012	**$173**
Machinery and equipment	**29,613**	26,156	**315**

Depreciation expenses for property, plant and equipment are included in "Cost" and "Selling, general and administrative expenses" in the Consolidated statement of comprehensive income.

13. INTANGIBLE ASSETS

(1) Goodwill

Cost and accumulated impairment losses of goodwill for the years ended March 31, 2013 and 2012 are as follows:

[Cost]

	Millions of Yen		Millions of U.S. Dollars
	2013	2012	2013
Balance, beginning of year	**¥167,815**	¥185,729	**$1,785**
Acquisitions through business combinations	**42,604**	21,323	**453**
Deconsolidation of subsidiaries	**(68,100)**	(37,138)	**(724)**
Exchange differences on translating foreign operations	**12,608**	(1,463)	**134**
Others	**2,097**	(636)	**22**
Balance, end of year	**¥157,024**	¥167,815	**$1,670**

[Accumulated impairment losses]

	Millions of Yen		Millions of U.S. Dollars
	2013	2012	2013
Balance, beginning of year	**¥(10,383)**	¥(17,360)	**$(110)**
Impairment losses	**(8,234)**	(7,806)	**(87)**
Deconsolidation of subsidiaries	**495**	14,518	**5**
Exchange differences on translating foreign operations	**(250)**	133	**(3)**
Others	**(79)**	132	**(1)**
Balance, end of year	**¥(18,451)**	¥(10,383)	**$(196)**

Impairment losses recognized on goodwill for the years ended March 31, 2013 and 2012 were ¥8,234 million ($87 million) and ¥7,806 million, respectively, and were included in "Impairment losses on long-lived assets" in the Consolidated statement of comprehensive income. The impairment losses on goodwill recognized for the years ended March 31, 2013 and 2012 mainly relate to losses on a CGU including goodwill in the Corporate and Eliminations segment.

[Carrying amount]

	Carrying amount
2013 (Millions of Yen)	**¥138,573**
2012 (Millions of Yen)	¥157,432
2013 (Millions of U.S. Dollars)	**$1,474**

Goodwill is tested for impairment annually or more frequently when there are indicators of impairment.

The recoverable amount of goodwill for the impairment test is calculated based on value in use.

Goodwill arising from business combinations is allocated to each of the Companies' CGU that is expected to benefit from the synergies of the business combination at the date of acquisition of the business.

The carrying amounts of goodwill by operating segments as of March 31, 2013 and 2012 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2013	2012	**2013**
Metal Products	**¥ 10,864**	¥ 4,249	**$ 116**
Transportation & Construction Systems	**8,574**	2,157	**91**
Infrastructure	**12,430**	—	**132**
Media, Network & Lifestyle Retail	**18,213**	94,407	**194**
Mineral Resources, Energy, Chemical & Electronics	**8,126**	7,363	**86**
General Products & Real Estate	**22,333**	15,634	**238**
New Industry Development & Cross-function	**—**	—	**—**
Domestic Regional Business Units and Offices	**—**	—	**—**
Overseas Subsidiaries and Branches	**58,033**	33,622	**617**
Total	**¥138,573**	¥157,432	**$1,474**

Significant portions of goodwill included above as of March 31, 2013 were related to that of TBC Corporation (General Products & Real Estate segment and Overseas Subsidiaries and Branches) of ¥52,433 million ($558 million), and as of March 31, 2012 were related to that of Jupiter Shop Channel Co., Ltd. (Media, Network & Lifestyle Retail business segment) of ¥68,100 million and TBC Corporation of ¥37,120 million, respectively.

The value in use is the present value calculated by discounting the estimated cash flows based on the projection approved by management and a growth rate. The business plans are not longer than five years in principle, and reflect the management assessments of future industry trends and historical data based on the external and internal information. The growth rate used is determined by considering the long term average growth rate of the market or the country which the CGU belongs to. The growth rate used does not exceed the long term average growth rate of the market or country (domestic: approximately 1% or less, overseas: approximately 7% or less). The discount rate used is calculated based on the weighted average capital cost or capital cost of each CGU (domestic: approximately 5 to 11%, overseas: approximately 3 to 19%).

Management considers it is not likely that a significant impairment loss would be recognized even if key assumptions vary in the range which is reasonably probable.

(2) Other Intangible Assets

Cost and accumulated depreciation and impairment losses of other intangible assets as of March 31, 2013 and 2012 are as follows:

[Cost]

	Millions of Yen			
	Software	Sales licenses, trademarks and customer relationships	Others	Total
Balance as of April 1, 2011	¥107,143	¥202,207	¥ 8,400	¥317,750
Acquisitions through business combinations	2,785	23,200	3,430	29,415
Separate acquisitions	10,863	—	302	11,165
Deconsolidation of subsidiaries	(9,232)	(25,350)	(192)	(34,774)
Disposals	(7,293)	(149)	(670)	(8,112)
Exchange differences on translating foreign operations	(292)	(1,699)	(140)	(2,131)
Others	(1,213)	(684)	(828)	(2,725)
Balance as of March 31, 2012	102,761	197,525	10,302	310,588
Acquisitions through business combinations	**426**	**34,616**	**386**	**35,428**
Separate acquisitions	**7,018**	**4,305**	**—**	**11,323**
Deconsolidation of subsidiaries	**(8,772)**	**(88,587)**	**(66)**	**(97,425)**
Disposals	**(2,212)**	**(92)**	**(212)**	**(2,516)**
Exchange differences on translating foreign operations	**1,674**	**12,690**	**722**	**15,086**
Others	**2,844**	**4,221**	**(2,630)**	**4,435**
Balance as of March 31, 2013	**¥103,739**	**¥164,678**	**¥ 8,502**	**¥276,919**

	Millions of U.S. Dollars			
	Software	Sales licenses, trademarks and customer relationships	Others	Total
Balance as of March 31, 2012	$1,093	$2,101	$110	$ 3,304
Acquisitions through business combinations	**5**	**368**	**4**	**377**
Separate acquisitions	**75**	**46**	**—**	**121**
Deconsolidation of subsidiaries	**(93)**	**(942)**	**(1)**	**(1,036)**
Disposals	**(24)**	**(1)**	**(2)**	**(27)**
Exchange differences on translating foreign operations	**18**	**135**	**7**	**160**
Others	**30**	**45**	**(28)**	**47**
Balance as of March 31, 2013	**$1,104**	**$1,752**	**$ 90**	**$ 2,946**

[Accumulated amortization and impairment]

	Millions of Yen			
	Software	Sales licenses, trademarks and customer relationships	Others	Total
Balance as of April 1, 2011	¥(78,095)	¥(56,165)	¥(2,866)	¥(137,126)
Disposals	6,713	—	446	7,159
Amortization expenses	(13,295)	(13,802)	(576)	(27,673)
Impairment losses	—	(1,216)	—	(1,216)
Deconsolidation of subsidiaries	5,557	14,143	22	19,722
Exchange differences on translating foreign operations	165	356	258	779
Others	753	1,046	154	1,953
Balance as of March 31, 2012	(78,202)	(55,638)	(2,562)	(136,402)
Disposals	**2,016**	**79**	**86**	**2,181**
Amortization expenses	**(9,900)**	**(9,795)**	**(250)**	**(19,945)**
Impairment losses	**—**	**(2,533)**	**(264)**	**(2,797)**
Deconsolidation of subsidiaries	**5,053**	**20,548**	**1**	**25,602**
Exchange differences on translating foreign operations	**(1,245)**	**(3,095)**	**(235)**	**(4,575)**
Others	**(656)**	**620**	**289**	**253**
Balance as of March 31, 2013	**¥(82,934)**	**¥(49,814)**	**¥(2,935)**	**¥(135,683)**

	Millions of U.S. Dollars			
	Software	Sales licenses, trademarks and customer relationships	Others	Total
Balance as of March 31, 2012	$(832)	$(592)	$(27)	$(1,451)
Disposals	**21**	**1**	**1**	**23**
Amortization expenses	**(105)**	**(104)**	**(3)**	**(212)**
Impairment losses	**—**	**(27)**	**(3)**	**(30)**
Deconsolidation of subsidiaries	**54**	**218**	**—**	**272**
Exchange differences on translating foreign operations	**(13)**	**(33)**	**(2)**	**(48)**
Others	**(7)**	**7**	**3**	**3**
Balance as of March 31, 2013	**$(882)**	**$(530)**	**$(31)**	**$(1,443)**

[Carrying amount]

	Software	Sales licenses, trademarks and customer relationships	Others	Total
2013 (Millions of Yen)	**¥20,805**	**¥114,864**	**¥5,567**	**¥141,236**
2012 (Millions of Yen)	¥24,559	¥141,887	¥7,740	¥174,186
2013 (Millions of U.S. Dollars)	**$222**	**$1,222**	**$59**	**$1,503**

Among sales licenses, trademarks and customer relationships, significant portions as of March 31, 2013 were related to TBC Corporation of ¥44,722 million ($476 million; average remaining amortization period of 20 years), and as of March 31, 2012 were related to Jupiter Shop Channel Co., Ltd. of ¥68,012 million and TBC Corporation of ¥26,328 million, respectively.

Intangible assets with finite useful lives are amortized over their useful lives.

Amortization expenses on intangible assets were recognized in “Cost” and “Selling, general and administrative expenses” in the Consolidated statement of comprehensive income.

Intangible assets with indefinite useful lives as of March 31, 2013 and 2012 included above were ¥6,062 million ($64 million) and ¥15,583 million respectively, and consist mainly of trademarks. Those trademarks were acquired through business combinations which are expected to exist as long as business continues, therefore the management considers the useful lives for these as indefinite.

The carrying amount of Intangible assets leased under finance leases, net of accumulated amortization and impairment losses, as of March 31, 2013 and 2012 were ¥613 million ($7 million) and ¥1,098 million, respectively, and were included in Intangible assets, mainly software.

The internally generated intangible assets, net of accumulated amortization and impairment losses, as of March 31, 2013 and 2012 were ¥6,734 million ($72 million) and ¥9,301 million, respectively, and mainly were included in software.

14. INVESTMENT PROPERTY

Cost and accumulated depreciation and impairment losses of investment property as of March 31, 2013 and 2012 are as follows:

[Cost]

	Millions of Yen		Millions of U.S. Dollars
	2013	2012	**2013**
Balance, beginning of year	**¥288,154**	¥311,737	**$3,065**
Acquisitions	**75,863**	6,014	**807**
Acquisitions through business combinations	**—**	1,746	**—**
Disposals	**(32,389)**	(28,672)	**(345)**
Exchange differences on translating foreign operations	**2,301**	(612)	**25**
Reclassification	**(1,608)**	(758)	**(17)**
Others	**(185)**	(1,301)	**(2)**
Balance, end of year	**¥332,136**	¥288,154	**$3,533**

[Accumulated depreciation and impairment losses]

	Millions of Yen		Millions of U.S. Dollars
	2013	2012	**2013**
Balance, beginning of year	**¥(72,591)**	¥(74,069)	**$(772)**
Depreciation expenses	**(4,435)**	(5,219)	**(47)**
Impairment losses	**(988)**	(707)	**(11)**
Reversal of impairment losses	**2,469**	—	**26**
Disposals	**7,818**	5,552	**83**
Exchange differences on translating foreign operations	**(239)**	84	**(2)**
Reclassification	**(135)**	1,644	**(1)**
Others	**(53)**	124	**(1)**
Balance, end of year	**¥(68,154)**	¥(72,591)	**$(725)**

Impairment losses and reversal of impairment losses recognized for the year ended March 31, 2013 were ¥988 million ($11 million) and ¥2,469 million ($26 million), respectively. Impairment losses recognized for the year ended March 31, 2012 were ¥707 million. Impairment losses and reversal of impairment losses were included in “Impairment losses on long-lived assets” in the Consolidated statement of comprehensive income. Impairment losses for the year ended March 31, 2013 were recognized mainly in respect to the office buildings leased in Japan and those impairment losses were recognized in the General Products & Real Estate segment. Reversal of impairment losses for the year ended March 31, 2013 were recognized mainly in respect to the office buildings leased in the U.S. and those reversal of impairment losses were recognized in the Overseas Subsidiaries and Branches segment.

Impairment losses for the year ended March 31, 2012 were recognized mainly in respect to retail facilities leased in Japan, and those impairment losses were recognized in the General Products & Real Estate segment.

[Carrying amount and fair value]

	Carrying amount	Fair value
2013 (Millions of Yen)	**¥263,982**	**¥303,765**
2012 (Millions of Yen)	¥215,563	¥262,235
2013 (Millions of U.S. Dollars)	**$2,808**	**$3,232**

The fair value as of the end of each reporting period is based on a valuation conducted by independent valuation appraisers having current experience in the locations and categories of the investment property being valued and the appropriate and recognized professional qualifications, such as a registered appraiser. The valuation, which conforms to the standards of the country where the investment property is located, is based on market evidence of transaction prices for similar properties.

Rental income from investment property for the years ended March 31, 2013 and 2012 were ¥25,377 million ($270 million) and ¥27,336 million, respectively, and were reported in “Revenue” in the Consolidated statement of comprehensive income. Expenses directly attributable to generating rental income (including repairs and maintenance) for the years ended March 31, 2013 and 2012 were ¥16,574 million ($176 million) and ¥17,642 million, respectively, and were included mainly in “Cost.”

15. BIOLOGICAL ASSETS

Biological assets as of March 31, 2013 are as follows:

	Millions of Yen	Millions of U.S. Dollars
	2013	**2013**
Balance, beginning of year	**¥ —**	**$ —**
Acquisitions through business combinations	**11,259**	**120**
Balance, end of year	**¥11,259**	**$120**

The Companies own forest assets (mainly pines) in New Zealand. The assets are measured at fair value less estimated selling cost.

16. DEFERRED TAXES

The tax effects of temporary differences that give rise to significant components of deferred tax assets and liabilities as of March 31, 2013 and 2012 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2013	2012	**2013**
Deferred tax assets:			
Net operating loss carry forwards	**¥ 64,641**	¥ 55,892	**$ 688**
Securities and other investments	**28,884**	11,124	**307**
Inventories and long-lived assets	**57,327**	68,821	**610**
Allowance for doubtful receivables	**5,870**	14,738	**62**
Retirement benefit plans	**20,188**	15,282	**215**
Others	**41,396**	30,698	**440**
Deferred tax assets total	**¥ 218,306**	¥ 196,555	**$ 2,322**
Deferred tax liabilities:			
Investments accounted for using the equity method	**¥ (53,039)**	¥ (38,272)	**$(564)**
Securities and other investments	**(62,327)**	(28,207)	**(663)**
Long-lived assets	**(80,768)**	(80,779)	**(859)**
Others	**(26,392)**	(24,419)	**(281)**
Deferred tax liabilities total	**¥(222,526)**	¥(171,677)	**$(2,367)**

Deferred tax assets and liabilities reported in the Consolidated statement of financial position as of March 31, 2013 and 2012 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2013	2012	**2013**
Deferred tax assets	**¥ 89,428**	¥102,023	**$ 951**
Deferred tax liabilities	**(93,648)**	(77,145)	**(996)**

Changes in deferred tax assets and liabilities for the years ended March 31, 2013 and 2012 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2013	2012	**2013**
Net deferred tax assets (liabilities):			
Balance, beginning of year	**¥ 24,878**	¥(32,030)	**$ 265**
Amount recognized in other comprehensive income:			
Exchange differences on translating foreign operations	**8,761**	2,175	**93**
Financial assets measured at FVTOCI	**(18,616)**	6,023	**(198)**
Cash-flow hedges	**686**	(1,625)	**7**
Actuarial (gains) losses on defined benefit pension plans	**411**	2,377	**4**
Share of other comprehensive income of investments accounted for using the equity method	**31**	(58)	**0**
Amount recognized in profit or loss	**(32,187)**	5,475	**(342)**
Effects of acquisitions and divestitures	**11,816**	42,541	**126**
Balance, end of year	**¥ (4,220)**	¥ 24,878	**$ (45)**

The amounts recognized in profit or loss for the years ended March 31, 2013 principally arose from investments accounted for using the equity method.

The Companies consider the probability that a portion of, or all of the future deductible temporary differences or operating loss carry forwards can be utilized against future taxable profits on recognition of deferred tax assets. In assessing the recoverability of deferred tax assets, the Companies consider the scheduled reversal of deferred tax liabilities, projected future taxable income and tax planning strategies. Based on the level of historical taxable profits and projected future taxable income during the periods in which deferred tax assets can be recognized, the Companies determined that it is probable that the tax benefits can be utilized. The amount of the deferred tax assets considered realizable could be reduced in the near term if estimates of future taxable income during the carryforward period are reduced. As a result of the assessment of the recoverability of deferred tax assets, the net change in deferred tax assets for the years ended March 31, 2013 and 2012 was a decrease of ¥202 million ($2 million) and an increase of ¥7,792 million, respectively.

Deferred tax assets were not recognized for certain tax losses and deductible temporary differences which relate principally to the net operating loss carry forwards of certain domestic subsidiaries. The Companies performed an analysis of each of these subsidiaries to assess their ability to realize such deferred tax assets and reduced the amount of those assets to the extent that the Companies believe it is not probable that tax benefits will be utilized. No deferred tax assets are recognized at certain domestic subsidiaries attributable to tax losses carry forwards and deductible temporary differences when it is not probable that future taxable profit will be available. The amounts of unused tax loss carry forwards and deductible temporary differences for which no deferred tax asset is recognized amounted to ¥165,124 million ($1,757 million) and ¥31,384 million ($334 million) as of March 31, 2013 and ¥154,976 million and ¥16,072 million as of March 31, 2012, respectively. The deductible temporary differences do not expire under current tax legislation.

In addition to the above, due to the enactment of the Minerals Resource Rent Tax ("MRRT") in Australia, the Companies estimated the fair value of certain mining assets for tax purposes as at May 1, 2010 in accordance with the legislation, and deductible temporary differences arose during the year ended March 31, 2012, which allows the companies to claim tax deductions against mining profit. No deferred tax assets were recognized for these deductible temporary differences as it is not probable that sufficient future mining profit will be available against which they can be utilized. The total amount of deductible temporary differences for which no deferred tax assets are recognized are estimated to be approximately ¥93 billion ($1 billion) as of March 31, 2013 and ¥80 billion as of March 31, 2012, respectively. However, as the estimate has been made based on the best information that is currently available, the fair value of the mining assets for tax purposes and the deductible temporary differences are subject to change when further information becomes available.

The tax losses for which deferred tax assets were not recognized as of March 31, 2013 and 2012 expire as follows:

	Millions of Yen		Millions of U.S. Dollars
	2013	2012	**2013**
1st year	**¥ 1,473**	¥ 1,215	**$ 16**
2nd year	**1,527**	1,110	**16**
3rd year	**3,371**	1,686	**36**
4th year	**690**	4,702	**7**
5th year and thereafter	**158,063**	146,263	**1,682**
Total	**¥165,124**	¥154,976	**$1,757**

As of March 31, 2013 and 2012, in principle, the Companies did not recognize a deferred tax liability on the taxable temporary differences associated with investments in subsidiaries because the Companies were in a position to control the timing of the reversal of the temporary differences and it was probable that such differences would not reverse in the foreseeable future. The amount of taxable temporary differences associated with investments in subsidiaries on which a deferred tax liability was not recognized in the accompanying consolidated financial statements as of March 31, 2013 and 2012 totaled to ¥823,924 million ($8,765 million) and ¥767,164 million, respectively.

Other current assets as of March 31, 2013 and 2012 included tax receivables of ¥30,470 million ($324 million) and ¥14,123 million, respectively.

17. BONDS AND BORROWINGS

(1) Bonds and Borrowings

Details of the bonds and borrowings (non-current), and interest rates as of March 31, 2013 and 2012 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2013	2012	**2013**
Secured:			
Loans from banks and insurance companies, maturing serially through 2024, average interest rate 3.18%	**¥ 453,768**	¥ 395,323	**$ 4,827**
Bonds payable in U.S. dollars, maturing serially through 2016, fixed interest rate 12.00%	**17,026**	—	**181**
Bonds payable in G.B. pounds, maturing serially through 2031, fixed interest rate 2.87%	**19,189**	—	**204**
Bonds payable in Indonesian rupiah, maturing serially through 2014, average interest rate 9.87%	**16,415**	26,666	**175**
Unsecured:			
Loans from banks and insurance companies, maturing serially through 2033, average interest rate 1.08%	**2,581,382**	2,508,372	**27,462**
Bonds payable in Japanese yen due,			
2012, fixed and floating rates 1.07% to 1.54%	**—**	20,027	**—**
2013, fixed and floating rates 1.15% to 1.52%	**20,000**	45,152	**213**
2014, fixed and floating rates 1.51% to 1.96%	**40,391**	40,672	**430**
2015, floating rate 0.82%	**15,000**	15,000	**160**
2016, fixed rates 0.26% to 2.12%	**57,531**	52,949	**612**
2017, fixed and floating rates 0.50% to 1.98%	**30,685**	20,773	**326**
2018, fixed and floating rates 0.34% to 2.05%	**30,791**	25,813	**327**
2019, fixed rates 0.76% to 2.21%	**37,040**	36,532	**394**
2020, fixed rates 1.01% to 1.46%	**21,012**	20,526	**223**
2022, fixed rates 0.88% to 1.71%	**88,240**	36,095	**939**
2030, fixed rate 2.26%	**11,263**	10,692	**120**
2031, fixed rate 2.19%	**10,982**	10,404	**117**
Bonds payable in Japanese yen due 2013 with detachable warrants, fixed rate 0.25%	**34,638**	33,928	**368**
Medium-term notes, maturing serially through 2020, average interest rate 0.67%	**53,974**	49,790	**574**
Various notes and bonds, maturing serially through 2012, average interest rate 0.88%	**—**	3,061	**—**
Subtotal	**3,539,327**	3,351,775	**37,652**
Less: Current maturities	**(373,590)**	(370,227)	**(3,974)**
Bonds and borrowings (non-current)	**¥3,165,737**	¥2,981,548	**$33,678**

Details of the bonds and borrowings (current) as of March 31, 2013 and 2012 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2013	2012	**2013**
Short-term loans, principally from banks	**¥223,429**	¥163,430	**$2,377**
Commercial paper	**98,646**	98,610	**1,050**
Total	**¥322,075**	¥262,040	**$3,427**

The differences between the balances stated above and the balances presented as "Bonds and borrowings" under Current liabilities of the Consolidated statement of financial position are the amounts of bonds and borrowings with current maturities.

The weighted average interest rates for short-term loans for the years ended March 31, 2013 and 2012 were 1.15% and 1.36%, respectively.

The weighted average interest rates for commercial paper for the years ended March 31, 2013 and 2012 were 0.33% and 0.53%, respectively.

The Companies have lines of credit agreements available for immediate borrowing with syndicates of domestic and foreign banks, in the amount of $1,200 million with foreign banks and ¥445,000 million ($4,734 million) with domestic banks. All these lines of credit were unused as of March 31, 2013.

Most short-term and long-term loans from banks contain certain covenants. The banks may, under certain conditions, require the Companies to provide collateral (or additional collateral) or guarantors.

The banks may treat any collateral as collateral for all indebtedness to the banks. Several of the loan agreements require maintenance of certain financial ratios and minimum levels of tangible net worth. Default provisions of certain agreements grant certain rights of possession to the banks. The borrower may be required to make early repayments of outstanding amounts under some agreements, principally with government-owned financial institutions, if the lender concludes that the borrower is able to repay the outstanding amount through improved earnings or from the proceeds of an equity or debt offering, and the lender makes such a prepayment request. Certain agreements provide that the banks may require the borrower to obtain bank approval prior to presenting proposals for the payment of dividends and other appropriations of earnings at the general meeting of shareholders. The Companies have not been asked to make any prepayments for the years ended March 31, 2013 and 2012, and currently do not anticipate any prepayment requests.

The Companies have been in compliance with all of the bonds and borrowing obligations covenants for the years ended March 31, 2013 and 2012.

(2) Assets Pledged as Security

Assets pledged to secure bonds and debt including borrowings as of March 31, 2013 and 2012 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2013	2012	**2013**
Cash and deposits	**¥ 61,505**	¥ 57,233	**$ 654**
Marketable securities and investments	**101,561**	86,001	**1,080**
Trade and other receivables	**502,132**	498,188	**5,342**
Inventories	**14,346**	8,064	**153**
Property, plant and equipment (Carrying amount)	**86,477**	70,659	**920**
Investment property (Carrying amount)	**13,603**	24,398	**145**
Total	**¥779,624**	¥744,543	**$8,294**

The corresponding liabilities as of March 31, 2013 and 2012 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2013	2012	**2013**
Bonds, borrowings and others	**¥570,165**	¥579,528	**$6,066**

In addition to the above, marketable securities and investments of ¥8,124 million ($86 million) were pledged in lieu of a monetary deposit as of March 31, 2013.

Trust receipts issued under customary import financing arrangements give recipient banks a security interest in the merchandise imported and/or the accounts receivable or sales proceeds resulting from the sales of such merchandise. The Companies repay the related notes and acceptances payable at the maturity dates without applying the sales proceeds to specific notes or acceptances. The large volume of transactions makes it impracticable to determine the aggregate amounts of assets covered by outstanding trust receipts.

18. TRADE AND OTHER PAYABLES

The components of Trade and other payables as of March 31, 2013 and 2012 are as follows:

	Millions of Yen 2013	Millions of Yen 2012	Millions of U.S. Dollars 2013
Notes payable	¥ 50,059	¥ 60,854	$ 532
Accounts payable	874,159	905,625	9,300
Payables to equity-accounted investees	44,544	36,602	474
Finance lease obligations	59,418	51,823	632
Other payables	158,373	156,123	1,685
Trade and other payables	¥1,186,553	¥1,211,027	$12,623

The amount of Trade and other payables above includes financial liabilities measured at FVTPL of ¥56,703 million ($603 million) and ¥62,847 million as of March 31, 2013 and 2012, respectively.

Payables to equity-accounted investees above include finance lease obligations of ¥6,904 million ($74 million) and ¥7,759 million as of March 31, 2013 and 2012, respectively.

Trade and other payables in the Consolidated statement of financial position as of March 31, 2013 and 2012 are as follows:

	Millions of Yen 2013	Millions of Yen 2012	Millions of U.S. Dollars 2013
Current liabilities	¥1,080,699	¥1,102,326	$11,497
Non-current liabilities	105,854	108,701	1,126
Total	¥1,186,553	¥1,211,027	$12,623

19. PROVISIONS

The changes in Provisions for the year ended March 31, 2013 is as follows:

	Millions of Yen			
	Asset retirement obligations	Employee benefits	Other provisions	Total
Balance, beginning of year	¥16,050	¥1,561	¥13,562	¥31,173
Provisions made	3,320	2	7,580	10,902
Provisions used	(259)	—	(5,901)	(6,160)
Accretion expense	624	—	—	624
Others	2,666	(41)	5,150	7,775
Balance, end of year	¥22,401	¥1,522	¥20,391	¥44,314

	Millions of Yen			
	Asset retirement obligations	Employee benefits	Other provisions	Total
Current	¥ —	¥ —	¥ 6,287	¥ 6,287
Non-current	22,401	1,522	14,104	38,027
Total	¥22,401	¥1,522	¥20,391	¥44,314

	Millions of U.S. Dollars			
	Asset retirement obligations	Employee benefits	Other provisions	Total
Balance, beginning of year	$171	$17	$144	$332
Provisions made	35	0	81	116
Provisions used	(3)	—	(63)	(66)
Accretion expense	7	—	—	6
Others	28	(1)	56	84
Balance, end of year	$238	$16	$218	$472

	Millions of U.S. Dollars			
	Asset retirement obligations	Employee benefits	Other provisions	Total
Current	**$ —**	**$—**	**$ 67**	**$ 67**
Non-current	**238**	**16**	**151**	**405**
Total	**$238**	**$16**	**$218**	**$472**

Asset retirement obligations are principally related to the dismantlement costs of oil or coal exploration installations.

The provision for employee benefits mainly represents long service leave entitlements accrued and other provisions primarily consist of the provision for warranties and cancellation.

20. EMPLOYEE BENEFITS

(1) Post-employment Benefit

The Company has non-contributory defined benefit pension plans and lump-sum retirement benefit plans covering substantially all employees other than directors and executive officers. The plans provide benefits based upon years of service, compensation at the time of severance, and other factors.

Most of the subsidiaries have unfunded retirement benefit plans and/or funded pension plans. Employees, other than directors, are entitled to, under most circumstances, upon mandatory retirement at normal retirement age or earlier termination of employment, a lump-sum retirement benefit based on compensation at the time of retirement, years of service and other factors. Certain subsidiaries have defined contribution retirement benefit plans.

The Companies' pension and retirement benefits expense for the years ended March 31, 2013 and 2012 is as follows:

	Millions of Yen		Millions of U.S. Dollars
	2013	2012	**2013**
Defined contribution plans	**¥ (3,872)**	¥ (3,061)	**$ (41)**
Defined benefit plans	**(9,272)**	(9,147)	**(99)**
Total	**¥(13,144)**	¥(12,208)	**$(140)**

The Companies' pension and retirement benefits expense is included in "Cost" or "Selling, general and administrative expenses" in the Consolidated statement of comprehensive income.

Amounts recognized in profit or loss in respect of the Companies' defined benefit plans for the years ended March 31, 2013 and 2012 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2013	2012	**2013**
Service cost	**¥(9,258)**	¥(8,874)	**$(98)**
Interest on obligation	**(5,030)**	(5,554)	**(54)**
Expected return on plan assets	**5,525**	5,733	**59**
Past service cost	**(3,728)**	(986)	**(40)**
Gain on settlements and curtailments	**3,219**	534	**34**
Total	**¥(9,272)**	¥(9,147)	**$(99)**

Of the total expense for the year ended March 31, 2013 and 2012, ¥(2,330) million ($(25) million) and ¥(2,496) million were included in "Cost" and ¥(6,942) million ($(74) million) and ¥(6,651) million in "Selling, general and administrative expenses," respectively.

The total amount of actuarial gains (losses) recognized in other comprehensive income for the years ended March 31, 2013 and 2012 are as follows:

	Millions of Yen	Millions of U.S. Dollars
	Actuarial gains (losses)	Actuarial gains (losses)
Cumulative amount of actuarial gains (losses) as of March 31, 2011	¥ 6,397	$ 68
Amounts recognized for the year ended March 31, 2012	(14,422)	(153)
Cumulative amount of actuarial gains (losses) as of March 31, 2012	(8,025)	(85)
Amounts recognized for the year ended March 31, 2013	**(1,984)**	**(21)**
Cumulative amount of actuarial gains (losses) as of March 31, 2013	**¥(10,009)**	**$(106)**

Changes in the present value of the defined benefit obligation and changes in the fair value of the plan assets for the years ended March 31, 2013 and 2012 are as follows:

[Changes in the defined benefit obligation]

	Millions of Yen		Millions of U.S. Dollars
	2013	2012	**2013**
Balance, beginning of year	**¥(252,442)**	¥(216,135)	**$(2,686)**
Service cost	**(9,258)**	(8,874)	**(98)**
Interest on obligation	**(5,030)**	(5,554)	**(54)**
Plan amendments	**(3,728)**	(986)	**(40)**
Acquisitions and deconsolidation	**(23,345)**	(23,534)	**(248)**
Actuarial gains (losses)	**(25,527)**	(9,447)	**(271)**
Benefits paid	**11,502**	11,185	**122**
Exchange differences on translating foreign operations	**(4,778)**	358	**(50)**
Curtailments and settlements	**5,841**	545	**62**
Balance, end of year	**¥(306,765)**	¥(252,442)	**$(3,263)**

[Changes in the plan assets]

	Millions of Yen		Millions of U.S. Dollars
	2013	2012	**2013**
Balance, beginning of year	**¥243,394**	¥220,320	**$2,589**
Expected return on plan assets	**5,525**	5,733	**59**
Actuarial gains (losses)	**23,543**	(4,975)	**250**
Acquisitions and deconsolidation	**15,660**	22,126	**167**
Contributions by the employer	**15,463**	10,223	**165**
Benefits paid	**(10,694)**	(9,931)	**(114)**
Exchange differences on translating foreign operations	**2,310**	(102)	**24**
Balance, end of year	**¥295,201**	¥243,394	**$3,140**

The amount included in the Consolidated statement of financial position arising from the Companies' obligations in respect of its defined benefit plans as of March 31, 2013 and 2012 are as follows:

	Millions of Yen				Millions of U.S. Dollars
	2013	2012	2011	2010	**2013**
Present value of defined benefit obligation [funded]	**¥(292,732)**	¥(244,467)	¥(208,698)	¥(187,726)	**$(3,114)**
Fair value of plan assets	**295,201**	243,394	220,320	217,969	**3,140**
Funded status	**2,469**	(1,073)	11,622	30,243	**26**
Present value of defined benefit obligation [unfunded]	**(14,033)**	(7,975)	(7,437)	(5,647)	**(149)**
Net asset (liability) arising from defined benefit obligation	**¥ (11,564)**	¥ (9,048)	¥ 4,185	¥ 24,596	**$ (123)**
Experience adjustments on defined benefit obligation	**¥ (25,527)**	¥ (9,447)	¥ (16,591)	¥ 3,894	**$ (271)**
Experience adjustments on plan assets	**¥ 23,543**	¥ (4,975)	¥ (6,901)	¥ 25,995	**$ 250**

The measurement dates used to determine the benefit obligations are mainly March 31 of each year.

The Companies' funding policy is based on a number of factors including the tax deductibility of contributions, funded status, actuarial calculations and other considerations. Contributions are intended to provide not only for benefits attributable to service to date, but also for those expected to be earned in the future. In addition, the Company may contribute cash to an employee retirement benefit trust for any funding deficits in benefit obligations at the fiscal year end.

The Companies' investment policies are designed to increase the value of plan assets within acceptable risk levels to ensure payments of pension benefits to eligible participants, including future participants. Taking into account the expected long-term rate of return on plan assets and risk thereon, the Companies formulate a strategic asset mix which aims at an optimal portfolio on a long-term basis and supervise asset management by selecting investment managers, reviewing the financial position periodically, setting long-term strategic targets and monitoring asset allocations. The strategic asset mix is subject to review in response to changes in expected market conditions or funded status. The strategic asset mix is not based on limitations but guidelines, and therefore, the actual allocation may temporarily exceed or fall below the guidelines.

The Companies' target allocation is 19% equity securities, 58% debt securities, and 23% others.

The major categories of plan assets as of March 31, 2013 and 2012 are as follows:

	%	
Categories of plan assets	**2013**	2012
Equity securities	**21**	31
Debt securities	**55**	45
Others*	**24**	24
Total	**100**	100

* Others include mainly cash, alternative investments and life insurance company general accounts.

Principal assumptions used in the actuarial valuations for the years ended March 31, 2013 and 2012 are as follows:

	%	
	2013	2012
Discount rates as of March 31	**1.4**	1.9
Expected long-term rates of return on plan assets as of April 1	**2.1**	2.4
The expected rate of salary increase	**2.8**	2.9

The Companies' expected long-term rate of return on plan assets assumption is derived from a detailed study that includes a review of the asset allocation strategy, anticipated future long-term performance of individual asset classes, risks and correlations for each of the asset classes that comprise the funds' asset mix. The actual return on plan assets for the years ended March 31, 2013 and 2012 were ¥29,068 million ($309 million) and ¥758 million, respectively.

The employer's contributions expected to be paid for the year ending March 31, 2014 are ¥14,798 million ($157 million).

In addition to lump-sum retirement benefit plans or retirement benefit pension plans, certain domestic subsidiaries participate in multi-employer defined benefit plans, and recognize the payments made during the fiscal year as an expense and contribution payable as a liability. The subsidiaries recognized an expense pertaining to these plans for the years ended March 31, 2013 and 2012, of ¥1,511 million ($16 million) and ¥1,519 million, respectively.

(2) Employee Benefits Expense

The employee benefits expense included in “Cost” for the years ended March 31, 2013 and 2012, was ¥100,148 million ($1,065 million) and ¥97,366 million, respectively.

21. COMMON STOCK

The numbers of shares authorized and issued as of March 31, 2013 and 2012 are as follows:

	2013 (Number of shares)	2012 (Number of shares)
Authorized:		
Ordinary shares	**2,000,000,000**	2,000,000,000
Issued:		
Balance, beginning of year	**1,250,602,867**	1,250,602,867
Adjustment for the year	**—**	—
Balance, end of year	**1,250,602,867**	1,250,602,867

The number of shares of treasury stock as of March 31, 2013 and 2012 included in the number of shares issued shown above were 106,633 shares and 472,515 shares, respectively.

22. RESERVES

(1) Additional Paid-in Capital

Under the Company Law of Japan (“the Company Law”), at least 50% of the proceeds of certain issues of common shares shall be credited to Common stock. The remainder of the proceeds shall be credited to Additional paid-in capital. The Company Law permits, upon approval at the general meeting of shareholders, the transfer of amounts from Additional paid-in capital to Common stock.

“Others” within Additional paid-in capital in the Consolidated statement of changes in equity consist mainly of a decrease of ¥6,265 million ($67 million) related to put options granted to non-controlling shareholders.

“Grant of stock options and others”, which was previously presented separately within Additional paid-in capital, is included in “Others” due to its immateriality.

“Grant of stock options and others” for the years ended March 31, 2013 and 2012 were ¥487 million ($5 million) (decrease) and ¥150 million (increase), respectively.

(2) Retained Earnings

The Company Law provides that a 10% dividend of retained earnings shall be appropriated as additional paid-in capital or as a legal reserve until the aggregate amount of the additional paid-in capital and the legal reserve equals 25% of common stock. The legal reserve may be used to eliminate or reduce a deficit or be transferred to retained earnings upon approval at the general meeting of shareholders.

Retained earnings available for dividends under the Company Law is based on the amount recorded in the Company’s general accounting records maintained in accordance with accounting principles generally accepted in Japan.

The Company Law limits the amount of retained earnings available for dividends. Retained earnings of ¥366,067 million ($3,894 million) and ¥344,683 million, shown by the Company’s accounting records for the years ended March 31, 2013 and 2012, respectively, were not restricted by the limitations under the Company Law.

23. OTHER COMPONENTS OF EQUITY AND OTHER COMPREHENSIVE INCOME (LOSS)

The changes in Other components of equity for the years ended March 31, 2013 and 2012 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2013	2012	**2013**
Exchange differences on translating foreign operations			
Balance, beginning of year	**¥(112,052)**	¥ (47,608)	**$(1,192)**
Adjustment for the year	**177,360**	(64,444)	**1,887**
Balance, end of year	**¥ 65,308**	¥(112,052)	**$ 695**
Financial assets measured at FVTOCI			
Balance, beginning of year	**¥ 57,924**	¥ 53,747	**$ 616**
Adjustment for the year	**34,411**	3,793	**366**
Transfer to retained earnings	**26,337**	384	**280**
Balance, end of year	**¥ 118,672**	¥ 57,924	**$ 1,262**
Cash-flow hedges			
Balance, beginning of year	**¥ (8,879)**	¥ (10,958)	**$ (94)**
Adjustment for the year	**(2,057)**	2,079	**(22)**
Balance, end of year	**¥ (10,936)**	¥ (8,879)	**$ (116)**
Actuarial gains (losses) on defined benefit pension plans			
Balance, beginning of year	**¥ —**	¥ —	**$ —**
Adjustment for the year	**(2,325)**	(12,064)	**(25)**
Transfer to retained earnings	**2,325**	12,064	**25**
Balance, end of year	**¥ —**	¥ —	**$ —**
Other components of equity			
Balance, beginning of year	**¥ (63,007)**	¥ (4,819)	**$ (670)**
Adjustment for the year	**207,389**	(70,636)	**2,206**
Transfer to retained earnings	**28,662**	12,448	**305**
Balance, end of year	**¥ 173,044**	¥ (63,007)	**$ 1,841**

The following table provides each component of Other comprehensive income (loss) included in Non-controlling interests for the years ended March 31, 2013 and 2012.

	Millions of Yen		Millions of U.S. Dollars
	2013	2012	**2013**
Exchange differences on translating foreign operations	**¥5,225**	¥(3,021)	**$55**
Financial assets measured at FVTOCI	**77**	(496)	**1**
Cash-flow hedges	**(8)**	78	**(0)**
Actuarial gains (losses) of defined benefit pension plans	**548**	—	**6**
Other comprehensive income (loss)	**¥5,842**	¥(3,439)	**$62**

The following table provides an analysis of each component of other comprehensive income (loss) and related tax effects (including those on Non-controlling interests) for the years ended March 31, 2013 and 2012.

	Millions of Yen		
2013	Pretax amount	Tax (expense) or benefit	Net-of-tax amount
Exchange differences on translating foreign operations:			
Aggregated adjustment during the year resulting from translation of foreign currency financial statements	**¥165,153**	**¥ 8,936**	**¥174,089**
Reclassification to profit or loss for the year	**8,671**	**(175)**	**8,496**
Adjustment for the year	**173,824**	**8,761**	**182,585**
Financial assets measured at FVTOCI:			
Gains (losses) recorded in other comprehensive income during the year	**51,237**	**(18,616)**	**32,621**
Adjustment for the year	**51,237**	**(18,616)**	**32,621**
Cash-flow hedges:			
Unrealized gains (losses) arising during the year	**(11,752)**	**3,092**	**(8,660)**
Reclassification to profit or loss for the year	**9,018**	**(2,406)**	**6,612**
Adjustment for the year	**(2,734)**	**686**	**(2,048)**
Actuarial gains (losses) of defined benefit pension plans:			
Unrealized gains (losses) arising during the year	**(1,984)**	**411**	**(1,573)**
Adjustment for the year	**(1,984)**	**411**	**(1,573)**
Share of other comprehensive income of investments accounted for using the equity method:			
Unrealized gains (losses) arising during the year	**(361)**	**31**	**(330)**
Reclassification to profit or loss for the year	**1,976**	**—**	**1,976**
Adjustment for the year	**1,615**	**31**	**1,646**
Total other comprehensive income (loss)	**¥221,958**	**¥ (8,727)**	**¥213,231**

	Millions of Yen		
2012	Pretax amount	Tax (expense) or benefit	Net-of-tax amount
Exchange differences on translating foreign operations:			
Aggregated adjustment during the year resulting from translation of foreign currency financial statements	¥(72,052)	¥ (772)	¥(72,824)
Reclassification to profit or loss for the year	2,412	2,947	5,359
Adjustment for the year	(69,640)	2,175	(67,465)
Financial assets measured at FVTOCI:			
Gains (losses) recorded in other comprehensive income during the year	(7,375)	6,023	(1,352)
Adjustment for the year	(7,375)	6,023	(1,352)
Cash-flow hedges:			
Unrealized gains (losses) arising during the year	(5,533)	949	(4,584)
Reclassification to profit or loss for the year	9,163	(2,574)	6,589
Adjustment for the year	3,630	(1,625)	2,005
Actuarial gains (losses) of defined benefit pension plans:			
Unrealized gains (losses) arising during the year	(14,422)	2,377	(12,045)
Adjustment for the year	(14,422)	2,377	(12,045)
Share of other comprehensive income of investments accounted for using the equity method:			
Unrealized gains (losses) arising during the year	(2,199)	(58)	(2,257)
Reclassification to profit or loss for the year	7,039	—	7,039
Adjustment for the year	4,840	(58)	4,782
Total other comprehensive income (loss)	¥(82,967)	¥8,892	¥(74,075)

2013	Millions of U.S. Dollars Pretax amount	Tax (expense) or benefit	Net-of-tax amount
Exchange differences on translating foreign operations:			
Aggregated adjustment during the year resulting from translation of foreign currency financial statements	**$1,757**	**$ 95**	**$1,852**
Reclassification to profit or loss for the year	**92**	**(2)**	**90**
Adjustment for the year	**1,849**	**93**	**1,942**
Financial assets measured at FVTOCI:			
Gains (losses) recorded in other comprehensive income during the year	**545**	**(198)**	**347**
Adjustment for the year	**545**	**(198)**	**347**
Cash-flow hedges:			
Unrealized gains (losses) arising during the year	**(125)**	**33**	**(92)**
Reclassification to profit or loss for the year	**96**	**(26)**	**70**
Adjustment for the year	**(29)**	**7**	**(22)**
Actuarial gains (losses) of defined benefit pension plans:			
Unrealized gains (losses) arising during the year	**(21)**	**4**	**(17)**
Adjustment for the year	**(21)**	**4**	**(17)**
Share of other comprehensive income of investments accounted for using the equity method:			
Unrealized gains (losses) arising during the year	**(3)**	**0**	**(3)**
Reclassification to profit or loss for the year	**21**	**—**	**21**
Adjustment for the year	**18**	**0**	**18**
Total other comprehensive income (loss)	**$2,362**	**$ (94)**	**$2,268**

24. DIVIDENDS

(1) Dividends paid during the years ended March 31, 2013 and 2012 are as follows:

Resolution	Class of shares	Amount of dividends Millions of Yen (Millions of U.S. Dollars)	Dividends per share Yen (U.S. Dollars)	Record date	Effective date
Ordinary general meeting of shareholders held on June 24, 2011	Ordinary shares	¥25,001	¥20	March 31, 2011	June 27, 2011
Board of Directors' meeting held on November 2, 2011	Ordinary shares	¥30,002	¥24	September 30, 2011	December 1, 2011
Ordinary general meeting of shareholders held on June 22, 2012	Ordinary shares	¥32,503 ($346)	¥26 ($0.28)	March 31, 2012	June 25, 2012
Board of Directors' meeting held on October 31, 2012	Ordinary shares	¥31,257 ($333)	¥25 ($0.27)	September 30, 2012	December 3, 2012

(2) Dividends whose record date is in the current fiscal year but whose effective date is in the following fiscal year are as follows:

Resolution	Class of shares	Amount of dividends Millions of Yen (Millions of U.S. Dollars)	Source of dividends	Dividends per share Yen (U.S. Dollars)	Record date	Effective date
Ordinary general meeting of shareholders held on June 21, 2013	Ordinary shares	¥26,260 ($279)	Retained earnings	¥21 ($0.22)	March 31, 2013	June 24, 2013

25. SHARE-BASED PAYMENTS

Information relating to the Company's share-based payments is as follows:

Stock option plan

The Company has stock option plans for directors, executive officers, and corporate officers under the Company's qualification system. Under the plans, each stock option entitles the recipient to acquire 100 shares of common stock at an exercise price equal to the greater of (i) 105% of the average closing market price of the Company's common stock on the Tokyo Stock Exchange for the calendar month before the grant date (excluding days when there are no transactions), or (ii) the closing market price of the Company's common stock on the Tokyo Stock Exchange on the grant date (or the closing market price on the day immediately preceding that date, if there are no transactions on that date).

The options vest 100% at the grant date. The options granted are exercisable beginning April 1 of the fiscal year after the fiscal year in which they are granted. They are exercisable for four years and three months from that date.

On May 16, 2012, the Board of Directors, and on June 22, 2012, the ordinary general meeting of shareholders, authorized the issue of new stock options for up to 211,000 shares of common stock. The options for 211,000 shares were granted under these authorizations. On May 15, 2013, the Board of Directors, and on June 21, 2013 the ordinary general meeting of shareholders, authorized the issue of new stock options for up to 198,000 shares of common stock.

The Company's stock option activities for the years ended March 31, 2013 and 2012 are as follows:

	2013			2012	
		Weighted average exercise price			Weighted average exercise price
	Number of shares	Yen	U.S. Dollars	Number of shares	Yen
Outstanding, beginning of year	**655,000**	**¥1,327**	**$14**	731,000	¥1,430
Granted	**211,000**	**1,125**	**12**	200,000	1,109
Exercised	**73,000**	**1,027**	**11**	47,000	1,056
Cancelled or expired	**246,000**	**1,637**	**17**	229,000	1,521
Outstanding, end of year	**547,000**	**1,150**	**12**	655,000	1,327
Options exercisable, end of year	**348,000**	**¥1,164**	**$12**	456,000	¥1,422

Stock options outstanding and exercisable as of March 31, 2013 are as follows:

	2013						
	Outstanding				Exercisable		
Exercise price range	Number of shares	Weighted average exercise price		Weighted average remaining life	Number of shares	Weighted average exercise price	
Yen		Yen	U.S. Dollars	in years		Yen	U.S. Dollars
¥1,001–1,200	**478,000**	**¥1,094**	**$12**	**3.30**	**279,000**	**¥1,072**	**$11**
1,401–1,600	**69,000**	**1,537**	**16**	**0.25**	**69,000**	**1,537**	**16**
	547,000	**¥1,150**	**$12**	**2.91**	**348,000**	**¥1,164**	**$12**

The weighted-average fair value of these stock options was estimated using the Black-Scholes option pricing model with the following assumptions:

	2013	2012
Expected life (year)	**4.5**	4.5
Risk-free rate (%)	**0.16**	0.31
Expected volatility (%)	**37.75**	39.74
Expected dividend yield (%)	**3.24**	2.52

The Company has stock-linked compensation plans for directors and executive officers. Under the plans, each stock option granted after August 1, 2006 entitles the recipient to acquire 100 shares of common stock at an exercise price equal to ¥1 ($0.01) per share. Each stock option granted prior to July 31, 2006 entitles the recipient to acquire 1,000 shares of common stock at an exercise price equal to ¥1 per share.

The options vest 100% at the grant date. The options granted are exercisable beginning the day after leaving their positions as both director and executive officer of the Company. The options are exercisable for ten years from that date.

On May 16, 2012, the Board of Directors, and June 22, 2012, the ordinary general meeting of shareholders, authorized the issue of new stock options under these stock-linked compensation plans for up to 340,000 shares of common stock. Options for 205,300 shares were granted under these authorizations. On May 15, 2013, the Board of Directors, and June 21, 2013, the ordinary general meeting of shareholders, authorized the issue of new stock options for up to 260,000 shares of common stock based on the plans.

The Company's stock-linked compensation plans for the years ended March 31, 2013 and 2012 are as follows:

	2013	2012
	Number of shares	Number of shares
Outstanding, beginning of year	**851,400**	670,400
Granted	**205,300**	202,400
Exercised	**296,800**	21,400
Cancelled or expired	**—**	—
Outstanding, end of year	**759,900**	851,400
Options exercisable, end of year	**151,200**	150,300

The weighted-average fair value of these stock-linked compensation plans was estimated using the Black-Scholes option pricing model with the following assumptions:

	2013	2012
Expected life (year)	**3.31**	2.45
Risk-free rate (%)	**0.10**	0.17
Expected volatility (%)	**28.36**	30.33
Expected dividend yield (%)	**3.35**	3.03

Compensation expense incurred on the stock option plans and the stock-linked compensation plans for the years ended March 31, 2013 and 2012 was ¥259 million ($3 million) and ¥256 million, respectively.

26. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

(1) Capital Management

The fundamental principles of the Companies' capital management are to maintain an appropriate level of capital and debt and equity balance to manage business risk for the purpose of maintaining management soundness and efficiency and to promote continuous growth.

The key metrics used for capital management are as follows:

- balance between risk-adjusted assets *1 and equity; and
- times of interest-bearing liabilities (net) *2 to equity (Debt-equity ratio (net))

*1 Risk-adjusted assets refers to the maximum loss exposure and is calculated by assigning assets including Trade and other receivables, Inventories, Fixed Assets and Investments risk weights, which the Companies have determined individually based on the potential risk of loss, and adding derivatives and the loss exposure related to Commitments and contingent liabilities. The maximum loss exposure is measured statistically under the variability of the market values of the assets for each related business and are calculated based on a number of subjective judgments, estimates and assumptions concerning the all-around economic circumstances and tendencies of the industry.

*2 Interest-bearing liabilities (net) is total debt less the amount of cash and cash equivalents and time deposits.

Management monitors the strategies for profits and investments and the metrics at the time of planning and reviewing the medium-term management plan.

As "Equity attributable to owners of the parent" is directly affected by the market conditions of foreign exchange rates and stock prices, the Company hedges against the exchange rate risks of major investments denominated in foreign currencies and reviews stock holdings in a timely manner, in order to minimize the influence of changes in foreign exchange rates and stock prices upon "Equity attributable to owners of the parent."

The Company is not subject to any externally imposed capital requirements (except for general requirements, such as those in the Company Law).

(2) Financial Risk Management Policy

The Companies operate internationally, exposing them to the risk of changes in foreign exchange rates, interest rates and commodity prices. Derivative financial instruments are comprised principally of foreign exchange contracts, foreign currency swaps, interest rate swaps and commodity futures contracts utilized by the Company and certain of its subsidiaries to reduce these risks. The Companies assess foreign currency exchange rate risk, interest rate risk and commodity price risk by continuously monitoring changes in these exposures and by evaluating hedging opportunities. The Companies hold or issue commodity derivatives for trading purposes. The Companies are also exposed to credit-related losses in the event of non-performance by counterparties to financial assets, but it is not expected that any counterparty will fail to meet its obligations, because most of the counterparties are internationally recognized financial institutions and the contracts are diversified across a number of major financial institutions. The Companies' basic policy for fund raising activities is to secure stable, medium- to long-term funds and liquidity for our operations.

1. Foreign currency exchange rate risk management

The Companies operate internationally and are exposed to foreign currency risks related to purchasing, selling, financing and investing in currencies other than the local currencies in which the Companies operate. The Companies' strategy to manage foreign currency risks is mainly to preserve the economic value of cash flows in non-functional currencies by using foreign exchange forward contracts, foreign currency swaps, after considering the net effect of offsetting foreign currency exposures on recognized assets, liabilities and unrecognized firm commitments.

The net exposures to foreign currency risk as of March 31, 2013 and 2012 are as follows:

	2013					
	U.S. Dollars	G.B. Pounds	Chinese Yuan	Euro	Others	Total
Recurring positions:						
Millions of Yen	**892**	**2,603**	**7,802**	**698**	**9,452**	**21,447**
Thousands of local currency	**9,482**	**18,185**	**514,651**	**5,785**	**—**	**—**
Non-recurring positions:						
Millions of Yen	**16,723**	**584**	**4,356**	**1,848**	**28,008**	**51,519**
Thousands of local currency	**177,814**	**4,082**	**287,318**	**15,307**	**—**	**—**

	2012					
	U.S. Dollars	G.B. Pounds	Chinese Yuan	Euro	Others	Total
Recurring positions:						
Millions of Yen	3,367	719	9,213	(1,046)	15,435	27,688
Thousands of local currency	40,967	5,474	705,442	(9,524)	—	—
Non-recurring positions:						
Millions of Yen	7,007	499	2,391	750	20,165	30,812
Thousands of local currency	85,250	3,798	183,110	6,826	—	—

*1 The foreign exchange gains or losses on recurring positions are recognized in profit or loss.
Recurring positions are the risk exposures arising from foreign currency trade receivables and payables, future contracts for sale and purchase transactions, derivatives and others.
The foreign exchange gains or losses on non-recurring positions are recognized in other comprehensive income. Non-recurring positions are the risk exposures arising from foreign currency investments (excluding investments in foreign operations) and others.

*2 The positive balance represents a receivable position and the negative balance represents a payable position.

a) Foreign currency sensitivity analysis

The following table represents the Companies' sensitivity analysis for foreign currency risk exposures. The analysis shows the hypothetical impact on profit before tax in the Consolidated statement of comprehensive income that would result from a 1% appreciation of the Yen against all foreign currencies for the recurring positions at the end of the year. The analysis is based on the assumption that other factors such as the outstanding balance and interest rates are constant.

	Millions of Yen		Millions of U.S. Dollars
	2013	2012	**2013**
Profit before tax	**¥(214)**	¥(277)	**$(2)**

b) Forward foreign exchange contracts

Forward foreign exchange contracts outstanding as of March 31, 2013 and 2012 are mainly as follows:

	Average exchange rate	Foreign currency	Notional amount	Fair value
2013	Yen	Thousands of local currency	Millions of Yen	Millions of Yen
Buy U.S. Dollar/Sell Japanese Yen				
Due in one year or less	**¥87.07**	**$2,277,264**	**¥198,279**	**¥15,806**
Due after one year	**80.70**	**303,117**	**24,460**	**3,564**
Buy Japanese Yen/Sell U.S. Dollar				
Due in one year or less	**90.78**	**3,001,700**	**272,486**	**(9,898)**
Due after one year	**84.99**	**239,739**	**20,375**	**(1,760)**

	Average exchange rate	Foreign currency	Notional amount	Fair value
2012	Yen	Thousands of local currency	Millions of Yen	Millions of Yen
Buy U.S. Dollar/Sell Japanese Yen				
Due in one year or less	¥81.19	$3,743,220	¥303,900	¥ 3,396
Due after one year	82.09	343,100	28,165	(555)
Buy Japanese Yen/Sell U.S. Dollar				
Due in one year or less	80.39	3,548,169	285,227	(6,135)
Due after one year	79.13	242,642	19,201	(480)

c) Currency swap agreements

Currency swap agreements outstanding as of March 31, 2013 and 2012 are mainly as follows:

	Average exchange rate	Foreign currency	Notional amount	Fair value
2013	Yen	Thousands of local currency	Millions of Yen	Millions of Yen
Buy U.S. Dollar/Sell Japanese Yen				
Due in one year or less	**¥ 89.88**	**$1,883,426**	**¥169,281**	**¥ (7,855)**
Buy Japanese Yen/Sell U.S. Dollar				
Due in one year or less	**119.52**	**8,367**	**1,000**	**10**
Due after one year	**79.50**	**1,544,850**	**122,811**	**22,483**

	Average exchange rate	Foreign currency	Notional amount	Fair value
2012	Yen	Thousands of local currency	Millions of Yen	Millions of Yen
Buy U.S. Dollar/Sell Japanese Yen				
Due in one year or less	¥ 80.29	$1,906,765	¥153,087	¥(3,630)
Buy Japanese Yen/Sell U.S. Dollar				
Due in one year or less	104.21	84,703	8,827	1,253
Due after one year	79.25	1,203,367	95,371	3,868

2. Interest rate risk management

The Companies are exposed to market risks arising from changes in interest rates in their business activities. In particular, interest rate fluctuations affect borrowing costs because a major portion of the outstanding debt instruments are floating rate instruments and short-term borrowings are refinanced from time to time.

However, the impact on borrowing costs is partially offset by returns on certain assets which are also impacted by interest rate fluctuations. In addition, the Companies are engaged in financing activities, such as automobile financing, which could be affected by interest rate fluctuations. The Companies monitor the interest rate risk arising from the assets and liabilities and the Companies' risk management structure is prepared to utilize derivatives contracts such as the interest rate swaps to manage the fluctuation in profits or losses due to drastic fluctuations in interest rates.

Interest rate sensitivity analysis

The following table represents the hypothetical impact on the Companies' profit before tax that is attributable to financial instruments which are exposed to the risk of fluctuations in interest rates in the case where the interest rate increases by 1%. The analysis is calculated by multiplying the net amounts of floating rate interest bearing financial assets and liabilities as of March 31, 2013 and 2012 by 1%, without considering future changes in the balance, currency exchange fluctuations and dispersing effects for floating rate borrowings derived from the difference in timing of refinancing and resetting of the interest rate, and is based on the assumption that all other variable factors are held constant.

The sensitivity analysis is performed for instruments that are exposed to fluctuations in market interest rates including: floating interest rate bearing debts and loans; fixed interest rate bearing debts and loans which are converted to floating rates with interest rate swap contracts and are in substance floating interest rate bearing debts and loans; cash and cash equivalents; time deposits; and receivables and payables which have not been settled at the end of the period.

	Millions of Yen		Millions of U.S. Dollars
	2013	2012	**2013**
Profit before tax	**¥(12,391)**	¥(12,589)	**$(132)**

3. Credit risk management

The Companies are exposed to credit risk as a result of providing credit to our customers in the form of accounts receivable, advances, loans, guarantees and other instruments. The Companies use an original credit rating model, the Sumisho Credit Rating ("SCR"), to assess customers' credit risk. The authority level for extending credit to customers depends on the nine assigned credit ratings. In addition, the Companies regularly review the customers' credit limits and appropriately manage the credit exposure under those limits. At the same time, the Companies continuously perform credit evaluations on the financial conditions of customers, and based on such evaluations, obtain collateral to secure the receivables if necessary.

The Companies' receivables are from a large number of customers, spreading across diverse industries and geographical areas, therefore the Companies do not have significant concentrated credit risk exposure to any single counterparty or any group of counterparties.

The credit risk on deposits and derivatives is limited because the counterparties are internationally recognized financial institutions.

The total amounts of guarantees, and financing commitments, and the carrying amount of financial assets recorded in the Consolidated statement of financial position, net of impairment losses, represent the Companies' maximum exposure to credit risk without taking account of any collateral obtained.

4. Commodity price risk management

The Companies trade in commodities such as physical precious and base metals, energy products and agricultural products and engage in investments in metal mining, and oil and gas development. As a result of these activities, the Companies are exposed to risk of price fluctuations of commodities. The Companies intend to reduce the risk related to the fluctuation of commodity prices by hedge-selling commodities, matching the volume and timing of selling and purchasing of commodities, or by using derivatives. The Companies use derivatives for trading purposes within defined position limits and loss limits.

Commodity price risk sensitivity analysis

The Companies use the Value-at-Risk ("VaR") method to measure the market risk for certain market-sensitive commodity transactions, including transactions associated with precious and base metals, energy products, and agricultural products.

The following table sets forth the year-end, high, low, and average VaR figures (which are generally calculated using a three-day holding period and a confidence level of 99%) as of the end of each month for the years ended March 31, 2013 and 2012:

The Companies use the VaR for the purpose of risk management by each organization and do not eliminate intra-group transactions.

	Millions of Yen			
	2013			
	At year-end	High	Low	Average
VaR	**¥3,861**	**¥5,618**	**¥3,861**	**¥4,694**

	Millions of Yen			
	2012			
	At year-end	High	Low	Average
VaR	¥4,647	¥6,005	¥3,879	¥4,882

	Millions of U.S. Dollars			
	2013			
	At year-end	High	Low	Average
VaR	**$41**	**$60**	**$41**	**$50**

The Companies estimate VaR mainly using the historical simulation method. As VaR is measured by estimating statistically gains and losses on the current portfolio during the defined periods by applying the fluctuations in market rates and prices in the past, the actual results may differ significantly from the calculations above. In addition, the Companies periodically conduct back testing in which estimated quantitative risks are compared with actual gains or losses to verify the accuracy of the VaR measurement model. The actual value of gains or losses fell within our VaR threshold in the back testing during the twelve months ended December 31, 2012 which was the most recent period for which back testing was conducted. Based on the back testing, management believes the VaR model has provided reasonably accurate measurements.

5. Liquidity risk management

The Companies' basic policy for financing operation is to secure stable medium- to long-term funds and sufficient liquidity for the operations. Management has been monitoring liquidity risk by setting various worst case scenarios including financial market turmoil. The Companies secure necessary liquidity from the cash flows from operations, by borrowing from financial institutions with which the Companies have good relationships, bonds issued in the capital markets, and issuance of commercial paper.

The Companies deposit these funds with highly creditable financial institutions which are generally given high credit ratings by credit rating agencies.

The Companies have an unused long-term committed line of credit and several unused short-term committed lines of credit with leading domestic and international financial institutions and several uncommitted lines of credit to reduce the liquidity risk.

The Companies' remaining contractual maturities for non-derivative financial liabilities (excluding lease obligations and some other liabilities) as of March 31, 2013 and 2012 are as follows:

	Millions of Yen			
	Due in one year or less	Due after one year through five years	Due after five years	Total
2013				
Bonds and borrowings	**¥ 695,665**	**¥1,840,308**	**¥1,325,429**	**¥3,861,402**
Trade and other payables	**1,053,866**	**35,540**	**29,925**	**1,119,331**
Financial guarantee contracts	**146,151**	**39,752**	**39,156**	**225,059**
2012				
Bonds and borrowings	¥ 632,267	¥1,768,061	¥1,213,487	¥3,613,815
Trade and other payables	1,084,065	26,209	39,605	1,149,879
Financial guarantee contracts	60,001	104,619	33,908	198,528

	Millions of U.S. Dollars			
	Due in one year or less	Due after one year through five years	Due after five years	Total
2013				
Bonds and borrowings	**$ 7,401**	**$19,578**	**$14,100**	**$41,079**
Trade and other payables	**11,211**	**378**	**319**	**11,908**
Financial guarantee contracts	**1,555**	**423**	**416**	**2,394**

The Companies' liquidity analysis for derivatives as of March 31, 2013 and 2012 is summarized in the table below. The table is based on the contractual future cash inflows and outflows of derivative instruments. The net contractual cash inflows and outflows of gross-settled derivative instruments are presented as net cash flows on a transaction-by-transaction basis. When receipt and payment of cash are not fixed, the amount disclosed was calculated based on the projected interest rates by reference to the yield curves at the end of the reporting period.

		Millions of Yen			
		Due in one year or less	Due after one year through five years	Due after five years	Total
2013					
Interest rate contracts	cash receipt	**¥ 10,505**	**¥ 34,053**	**¥16,415**	**¥ 60,973**
	/ (payment)	**(2,080)**	**(4,724)**	**(3,170)**	**(9,974)**
Foreign exchange contracts	cash receipt	**22,391**	**24,773**	**4,969**	**52,133**
	/ (payment)	**(25,512)**	**(4,840)**	**(291)**	**(30,643)**
Commodity contracts	cash receipt	**40,258**	**10,916**	**1,239**	**52,413**
	/ (payment)	**(42,731)**	**(18,707)**	**(2,153)**	**(63,591)**
2012					
Interest rate contracts	cash receipt	¥ 9,102	¥ 30,931	¥11,933	¥ 51,966
	/ (payment)	(1,944)	(4,806)	(3,351)	(10,101)
Foreign exchange contracts	cash receipt	12,735	8,911	439	22,085
	/ (payment)	(17,390)	(2,578)	(162)	(20,130)
Commodity contracts	cash receipt	43,343	8,130	5,435	56,908
	/ (payment)	(41,731)	(21,652)	(4,141)	(67,524)

		Millions of U.S. Dollars			
		Due in one year or less	Due after one year through five years	Due after five years	Total
2013					
Interest rate contracts	cash receipt	**$ 112**	**$ 362**	**$175**	**$ 649**
	/ (payment)	**(22)**	**(50)**	**(34)**	**(106)**
Foreign exchange contracts	cash receipt	**239**	**264**	**53**	**556**
	/ (payment)	**(271)**	**(52)**	**(3)**	**(326)**
Commodity contracts	cash receipt	**428**	**116**	**13**	**557**
	/ (payment)	**(455)**	**(199)**	**(23)**	**(677)**

(3) Fair Value of Financial Instruments

1. Fair value measurements

The fair values of financial assets and liabilities are determined as follows:

Quoted market prices, if available, are used as fair values of financial instruments. If quoted market prices are not available, fair values of such financial instruments are measured by using appropriate measurement techniques such as discounted future cash flow method or others.

Cash and cash equivalents, time deposits and marketable securities

The carrying amounts of these instruments approximate their fair value due to their short-term maturities.

Other investments

The fair values of marketable securities are estimated using quoted market prices. Fair values of unlisted investments in common stock are determined by discounted future cash flow method, valuation models based on revenue, profitability and net assets of investees, market values of comparable companies, and other valuation approaches.

Trade and other receivables, trade and other payables

The fair values of current and non-current trade receivables and payables, except for loans with floating rates whose carrying amounts approximate fair value, are estimated using discounted future cash flow analysis, using interest rates currently being offered for loans or accounts receivables with similar terms to borrowers or customers of similar credit quality and remaining maturities.

Bonds and borrowings

The fair values of bonds and borrowings, except for debt with floating rates whose carrying amount approximates fair value, are estimated using discounted future cash flow analysis using interest rates currently available for similar types of borrowings with similar terms and remaining maturities.

Guarantee of third party debt

The fair values of financial guarantees are estimated based on the premiums received or receivable from guarantors in arm's length transactions with unrelated parties.

Interest rate swaps, currency swap agreements and currency option contracts

The fair values of interest rate swaps, currency swap agreements and currency option contracts are estimated by obtaining quotes from brokers and other appropriate valuation techniques based on information available to the Companies.

Foreign exchange forward contracts

The fair values of foreign exchange forward contracts are estimated based on quoted market prices for contracts with similar terms.

Interest rate future contracts and bond future contracts

The fair values of interest rate future contracts and bond future contracts are estimated by using quoted market prices.

Commodity forwards, futures and swap contracts

The fair values of commodity forwards, futures and swap contracts are mainly estimated using quoted market prices.

2. Financial instruments measured at amortized cost

The fair values of financial instruments measured at amortized cost as of March 31, 2013 and 2012 are as follows: Financial instruments measured at amortized cost that are included in "Marketable securities" and "Other investments" are disclosed in Note 6.

	Millions of Yen	
	2013	
	Carrying amounts	Fair value
Financial assets measured at amortized cost:		
Trade and other receivables	**¥2,094,034**	**¥2,096,365**
Financial liabilities measured at amortized cost:		
Bonds and borrowings	**3,861,402**	**3,884,529**
Trade and other payables	**1,129,850**	**1,129,921**

	Millions of Yen	
	2012	
	Carrying amounts	Fair value
Financial assets measured at amortized cost:		
Trade and other receivables	¥2,116,839	¥2,122,129
Financial liabilities measured at amortized cost:		
Bonds and borrowings	3,613,815	3,637,626
Trade and other payables	1,148,180	1,148,194

	Millions of U.S. Dollars	
	2013	
	Carrying amounts	Fair value
Financial assets measured at amortized cost:		
Trade and other receivables	**$22,277**	**$22,302**
Financial liabilities measured at amortized cost:		
Bonds and borrowings	**41,079**	**41,325**
Trade and other payables	**12,020**	**12,020**

3. Financial instruments measured at fair value

International Financial Reporting Standard No. 7 *Financial Instruments: Disclosures* requires an entity to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

The fair value hierarchy has the following levels:

Level 1 inputs are quoted prices in active markets for identical assets or liabilities;

Level 2 inputs are inputs other than quoted prices that are observable for the assets or liabilities, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the assets or liabilities.

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The fair values of financial assets and liabilities measured at fair value, grouped by fair value hierarchy as of March 31, 2013 and 2012 are as follows:

	Millions of Yen			
2013	Level 1	Level 2	Level 3	Total
Assets:				
Securities and other investments				
Financial assets measured at FVTPL	**¥ 42,760**	**¥ 54**	**¥ 30,863**	**¥ 73,677**
Financial assets measured at FVTOCI	**331,986**	**44,825**	**92,268**	**469,079**
Trade and other receivables measured at FVTPL	**—**	**40,994**	**—**	**40,994**
Other financial assets (derivatives)				
Derivatives designated as hedges	**—**	**68,792**	**—**	**68,792**
Derivatives not designated as hedges	**3,428**	**92,345**	**—**	**95,773**
Total	**¥378,174**	**¥ 247,010**	**¥123,131**	**¥748,315**
Liabilities:				
Trade and other payables measured at FVTPL	**¥ —**	**¥ (56,703)**	**¥ —**	**¥ (56,703)**
Other financial liabilities (derivatives)				
Derivatives designated as hedges	**—**	**(23,398)**	**—**	**(23,398)**
Derivatives not designated as hedges	**(4,381)**	**(65,612)**	**(10,629)**	**(80,622)**
Total	**¥ (4,381)**	**¥(145,713)**	**¥ (10,629)**	**¥(160,723)**

	Millions of Yen			
2012	Level 1	Level 2	Level 3	Total
Assets:				
Securities and other investments				
Financial assets measured at FVTPL	¥ 41,212	¥ 53	¥ 30,952	¥ 72,217
Financial assets measured at FVTOCI	284,091	44,884	84,802	413,777
Trade and other receivables measured at FVTPL	—	43,253	—	43,253
Other financial assets (derivatives)				
Derivatives designated as hedges	—	55,917	—	55,917
Derivatives not designated as hedges	5,498	68,444	—	73,942
Total	¥330,801	¥ 212,551	¥115,754	¥ 659,106
Liabilities:				
Trade and other payables measured at FVTPL	¥ —	¥ (62,847)	¥ —	¥ (62,847)
Other financial liabilities (derivatives)				
Derivatives designated as hedges	—	(14,725)	—	(14,725)
Derivatives not designated as hedges	(3,683)	(65,314)	(13,730)	(82,727)
Total	¥ (3,683)	¥(142,886)	¥ (13,730)	¥(160,299)

2013	Millions of U.S. Dollars Level 1	Level 2	Level 3	Total
Assets:				
Securities and investments				
Financial assets measured at FVTPL	$ 455	$ 1	$ 328	$ 784
Financial assets measured at FVTOCI	3,532	476	982	4,990
Trade and other receivables measured at FVTPL	—	436	—	436
Other financial assets (derivatives)				
Derivatives designated as hedges	—	732	—	732
Derivatives not designated as hedges	36	983	—	1,019
Total	$4,023	$ 2,628	$1,310	$ 7,961
Liabilities:				
Trade and other payables measured at FVTPL	$ —	$ (603)	$ —	$ (603)
Other financial liabilities (derivatives)				
Derivatives designated as hedges	—	(249)	—	(249)
Derivatives not designated as hedges	(47)	(698)	(113)	(858)
Total	$ (47)	$(1,550)	$ (113)	$(1,710)

Reconciliation between the beginning and ending balance of financial assets measured at fair value on a recurring basis using Level 3 inputs for the year ended March 31, 2013 is as follows:

2013	Millions of Yen Financial assets measured at FVTPL	Financial assets measured at FVTOCI	Net other financial assets (liabilities)
Balance, beginning of year	¥30,952	¥84,802	¥(13,730)
Purchases	10,434	4,884	—
Comprehensive income			
Profit or loss for the year	(325)	—	(1,904)
Other comprehensive income	—	6,185	—
Disposals	(8,249)	(1,796)	—
Settlements	(1,949)	(1,807)	5,005
Balance, end of year	¥30,863	¥92,268	¥(10,629)
Profit or loss for the year included in earnings relating to financial instruments still held at the end of year	¥ (4,379)	¥ —	¥ (2,099)

2013	Millions of U.S. Dollars Financial assets measured at FVTPL	Financial assets measured at FVTOCI	Net other financial assets (liabilities)
Balance, beginning of year	$329	$902	$(146)
Purchases	111	52	—
Comprehensive income			
Profit or loss for the year	(3)	—	(20)
Other comprehensive income	—	66	—
Disposals	(88)	(19)	—
Settlements	(21)	(19)	53
Balance, end of year	$328	$982	$(113)
Profit or loss for the year included in earnings relating to financial instruments still held at the end of year	$ (47)	$ —	$ (22)

The above profits or losses for the year were included in "Sales of tangible products," "Cost of tangible products sold" and "Gain (loss) on securities and other investments, net" in the Consolidated statement of comprehensive income.

(4) Derivatives and Hedge Accounting

Fair-value hedges

Fair-value hedge is a type of hedge that eliminates the risk of changes in the fair values of assets and liabilities or firm commitments. The Companies use commodity futures contracts and foreign exchange forward contracts to hedge the changes in fair values on firm commitments. The Companies use interest rate swaps to hedge the changes in fair values on fixed rate borrowings used to fund assets earning interest at variable rates. Changes in the fair values of derivatives designated as fair-value hedges are recognized in profit or loss and are offset by corresponding changes in the fair values of the hedged item to the extent the hedge is effective. For the years ended March 31, 2013 and 2012, net gains or losses for hedged items were net losses of ¥12,224 million ($130 million) and net losses of ¥11,261 million, respectively, and net gains or losses for hedging instruments were net gains of ¥12,224 million ($130 million) and net gains of ¥11,261 million, respectively.

Cash-flow hedges

Cash-flow hedge is a type of hedge that uses derivatives to offset the variability of expected future cash flows. The Companies use commodity future contracts and foreign exchange forward contracts to hedge the variability of cash flows related to forecasted transactions and interest rate swaps to hedge the variability of cash flows related to floating-rate borrowings. The Companies recognized changes in the fair values of derivative instruments that are designated and qualified as cash-flow hedges in other comprehensive income in Other components of equity. Such amounts are reclassified into profit or loss in the period when the hedged items are recognized in profit or loss. For the years ended March 31, 2013 and 2012, net derivative gains or losses (net of the related tax) that were expected to be reclassified into profit or loss within the next fiscal year were net losses of ¥2,061 million ($22 million) and net losses of ¥2,019 million, respectively.

Hedges of net investments in foreign operations

The Companies use currency swaps and foreign currency borrowings to hedge the foreign currency risk of the net investments in foreign operations. The Companies recognized changes in fair values of derivatives designated as hedging instruments and exchange differences in foreign currency borrowings designated as hedging instruments in other comprehensive income in Other components of equity to the extent the hedge is effective.

Derivatives not designated as hedges

The Companies use derivatives to hedge exposures when it makes economic sense to do so, including circumstances in which the hedging relationship does not qualify for hedge accounting.

The Companies use foreign exchange forward contracts to economically hedge the fluctuations of foreign exchange rates on foreign currency assets, liabilities and unrecognized firm commitments. The Companies also enter into commodity forwards, futures and swap contracts to economically hedge their inventories and unrecognized firm commitments against market price fluctuations. Certain commodity derivatives are entered into for trading purposes to the extent approved by management. These derivatives do not qualify for hedge accounting and any changes in their fair values are recognized in profit or loss.

The fair values of derivative instruments as of March 31, 2013 and 2012 are as follows:

	Millions of Yen				
2013	Fair-value hedges	Cash-flow hedges	Hedges of net investment in foreign operations	Derivatives not designated as hedges	Total
[Derivative assets]					
Interest rate contracts	**¥57,181**	**¥ 257**	**¥ —**	**¥ 2,581**	**¥ 60,019**
Foreign exchange contracts	**45**	**6,855**	**291**	**44,942**	**52,133**
Commodity contracts	**—**	**4,163**	**—**	**48,250**	**52,413**
Total	**¥57,226**	**¥11,275**	**¥ 291**	**¥ 95,773**	**¥164,565**
Other financial assets (current)					**55,718**
Other financial assets (non-current)					**97,090**
Total					**¥152,808**
[Derivative liabilities]					
Interest rate contracts	**¥ (1,819)**	**¥ (5,528)**	**¥ —**	**¥ (2,439)**	**¥ (9,786)**
Foreign exchange contracts	**—**	**(6,088)**	**(6,304)**	**(18,251)**	**(30,643)**
Commodity contracts	**—**	**(3,659)**	**—**	**(59,932)**	**(63,591)**
Total	**¥ (1,819)**	**¥(15,275)**	**¥(6,304)**	**¥(80,622)**	**¥(104,020)**
Other financial liabilities (current)					**(60,187)**
Other financial liabilities (non-current)					**(38,515)**
Total					**¥ (98,702)**

Other than the above, the Companies have foreign currency borrowings of ¥112,021 million ($1,192 million) that are designated as hedging instruments to hedge the net investments in foreign operations.

The differences between the amounts of derivative assets and derivative liabilities stated above and those stated in the Consolidated statement of financial position were resulted from a financial liability for the put option granted to the non-controlling shareholder and offsetting derivative assets and derivative liabilities with deposits.

	Millions of Yen				
2012	Fair-value hedges	Cash-flow hedges	Hedges of net investment in foreign operations	Derivatives not designated as hedges	Total
[Derivative assets]					
Interest rate contracts	¥44,271	¥ 3,089	¥ —	¥ 3,506	¥ 50,866
Foreign exchange contracts	1,091	5,578	279	15,137	22,085
Commodity contracts	192	1,417	—	55,299	56,908
Total	¥45,554	¥10,084	¥ 279	¥ 73,942	¥129,859
Other financial assets (current)					48,239
Other financial assets (non-current)					74,965
Total					¥123,204
[Derivative liabilities]					
Interest rate contracts	¥ (2,008)	¥ (4,461)	¥ —	¥ (3,329)	¥ (9,798)
Foreign exchange contracts	(8)	(2,045)	(3,691)	(14,386)	(20,130)
Commodity contracts	(221)	(2,291)	—	(65,012)	(67,524)
Total	¥ (2,237)	¥ (8,797)	¥(3,691)	¥(82,727)	¥ (97,452)
Other financial liabilities (current)					(54,636)
Other financial liabilities (non-current)					(36,785)
Total					¥ (91,421)

Other than the above, the Companies have foreign currency borrowings of ¥21,018 million that are designated as hedging instruments to hedge the net investments in foreign operations.

The differences between the amounts of derivative assets and derivative liabilities stated above and those stated in the Consolidated statement of financial position were resulted from offsetting derivative assets and derivative liabilities with deposits.

	Millions of U.S. Dollars				
2013	Fair-value hedges	Cash-flow hedges	Hedges of net investment in foreign operations	Derivatives not designated as hedges	Total
[Derivative assets]					
Interest rate contracts	**$608**	**$ 3**	**$ —**	**$ 27**	**$ 638**
Foreign exchange contracts	**1**	**73**	**3**	**479**	**556**
Commodity contracts	**—**	**44**	**—**	**513**	**557**
Total	**$609**	**$ 120**	**$ 3**	**$1,019**	**$ 1,751**
Other financial assets (current)					**593**
Other financial assets (non-current)					**1,033**
Total					**$ 1,626**
[Derivative liabilities]					
Interest rate contracts	**$ (19)**	**$ (59)**	**$ —**	**$ (26)**	**$ (104)**
Foreign exchange contracts	**—**	**(65)**	**(67)**	**(194)**	**(326)**
Commodity contracts	**—**	**(39)**	**—**	**(638)**	**(677)**
Total	**$ (19)**	**$(163)**	**$(67)**	**$ (858)**	**$(1,107)**
Other financial liabilities (current)					**(640)**
Other financial liabilities (non-current)					**(410)**
Total					**$(1,050)**

27. EXCHANGE DIFFERENCE GAINS AND LOSSES

Gains and losses resulting from translating assets and liabilities denominated in a currency other than the functional currency of the reporting entity or from settling such items are included in profit or loss as they arise. Net exchange difference losses of ¥5,945 million ($63 million) and ¥4,206 million were included in the Consolidated statement of comprehensive income for the years ended March 31, 2013 and 2012, respectively.

28. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

The components of Selling, general and administrative expenses for the years ended March 31, 2013 and 2012 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2013	2012	**2013**
Employee benefits expenses	**¥337,071**	¥351,016	**$3,586**
Equipment expenses	**108,417**	112,628	**1,153**
Travel and transportation expenses	**24,885**	24,904	**265**
Outsourcing expenses	**52,186**	53,009	**555**
Advertising expenses	**28,824**	28,789	**306**
Amortization expenses	**17,297**	23,233	**184**
Impairment losses on receivables	**8,472**	10,207	**90**
Others	**79,987**	82,618	**851**
Selling, general and administrative expenses	**¥657,139**	¥686,404	**$6,990**

Equipment expenses disclosed above mainly include rental expenses and depreciation of property, plant and equipment.

29. FINANCE INCOME AND COSTS

The components of Finance income and costs for the years ended March 31, 2013 and 2012 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2013	2012	**2013**
Interest income:			
Financial assets measured at FVTPL	**¥ 88**	¥ 89	**$ 1**
Financial assets measured at amortized cost	**10,782**	12,907	**115**
Derivatives	**2,469**	904	**26**
Total	**13,339**	13,900	**142**
Interest expense:			
Financial liabilities measured at amortized cost	**(41,806)**	(36,535)	**(444)**
Derivatives	**12,714**	7,579	**135**
Total	**(29,092)**	(28,956)	**(309)**
Dividends:			
Financial assets measured at FVTPL	**2,221**	486	**24**
Financial assets measured at FVTOCI	**11,201**	10,708	**119**
Total	**13,422**	11,194	**143**
Gain (loss) on securities and other investments, net:			
Financial assets measured at FVTPL	**1,187**	5,298	**12**
Others	**50,329**	9,466	**535**
Total	**¥ 51,516**	¥ 14,764	**$ 547**

Others of "Gain (loss) on securities and other investments" are mainly gains and losses on investments of subsidiaries and associates, which includes gains of ¥49,589 million ($528 million), including gains of ¥23,542 million ($250 million) on retained interests, on deconsolidation of subsidiaries for the year ended March 31, 2013 and gains of ¥8,844 million on previously held interests for the year ended March 31, 2012.

In addition to the above, gains or losses on revaluation of derivatives not designated as hedges for the years ended March 31, 2013 and 2012 were losses of ¥12,926 million ($138 million) and gains of ¥8,168 million in "Revenues" and "Cost," and gains of ¥6,327 million ($67 million) and ¥7,755 million in "Other, net", respectively.

Interest income from financial assets measured at amortized cost for the years ended March 31, 2013 and 2012 were ¥80,165 million ($853 million) and ¥70,218 million in "Revenues", and interest expense from financial liabilities measured at amortized cost were ¥26,560 million ($283 million) and ¥27,108 million in "Cost", respectively.

30. INCOME TAX EXPENSE

Income tax expense for the years ended March 31, 2013 and 2012 is as follows:

	Millions of Yen		Millions of U.S. Dollars
	2013	2012	**2013**
Current tax	**¥43,139**	¥83,190	**$459**
Deferred tax	**32,187**	(5,475)	**342**
Total	**¥75,326**	¥77,715	**$801**

The Company is subject to mainly national corporate tax, inhabitant tax and deductible business tax, which in aggregate resulted in an applicable income tax rate of 38% and 41% for the years ended March 31, 2013 and 2012, respectively. Foreign subsidiaries are subject to income taxes of the countries in which they operate.

In Japan, following the promulgation on December 2, 2011 of the "Act for Partial Revision of the Income Tax Act, etc., for the Purpose of Creating a Taxation System Responding to Changes in Economic and Social Structure" (Act No. 114 of 2011) and the "Act on Special Measures for Securing Financial Resources Necessary to Implement Measures for Reconstruction following the Great East Japan Earthquake" (Act No. 117 of 2011), effective from fiscal years beginning on and after April 1, 2012, corporate income tax rate has been reduced and a special temporary recovery tax has been imposed. This resulted in changes in the applicable income tax rate of the fiscal year.

The reconciliation between the applicable income tax rate in Japan and the Companies' average effective income tax rate in the Consolidated statement of comprehensive income for the years ended March 31, 2013 and 2012 are as follows:

	%	
	2013	2012
The applicable income tax rate in Japan	**38.0**	41.0
Tax effect on equity-accounted investees	**(12.6)**	(13.3)
Tax effect on expenses not deductible for tax purposes	**0.6**	0.6
Difference in applicable tax rate of foreign subsidiaries	**(5.2)**	(7.3)
Reassessment of the recoverability of deferred tax assets	**(0.2)**	(2.3)
Others—net	**3.0**	4.1
The Companies' average effective income tax rate	**23.6**	22.8

31. EARNINGS PER SHARE

A calculation of the basic and diluted earnings per share (attributable to owners of the parent) for the years ended March 31, 2013 and 2012 is as follows:

	Millions of Yen		Millions of U.S. Dollars
	2013	2012	**2013**
Profit for the year attributable to owners of the parent	**¥232,451**	¥250,669	**$2,473**

	Number of shares	
	2013	2012
Weighted-average shares—basic	**1,250,270,539**	1,250,089,967
Dilutive effect of: Stock options	**898,581**	793,438
Weighted-average shares—diluted	**1,251,169,120**	1,250,883,405

	Yen		U.S. Dollars
	2013	2012	**2013**
Earnings per share (attributable to owners of the parent):			
Basic	**¥185.92**	¥200.52	**$1.98**
Diluted	**185.79**	200.39	**1.98**

32. CASH FLOW INFORMATION

Supplemental disclosure of cash flow information for the years ended March 31, 2013 and 2012 is as follows:

	Millions of Yen		Millions of U.S. Dollars
	2013	2012	**2013**
Non-cash investing and financing activities:			
Finance lease obligations incurred	**¥ 7,913**	¥ 2,781	**$ 84**
Acquisition of subsidiaries:			
Total consideration paid	**(79,138)**	(23,613)	**(842)**
Cash and cash equivalents included in assets acquired	**3,689**	52,010	**39**
Acquisition of subsidiaries, net of cash and cash equivalents acquired	**¥(75,449)**	¥ 28,397	**$(803)**

Refer to Note 5 for fair value of assets and liabilities as of the acquisition date.

The total consideration received in respect of sales of subsidiaries for the year ended March 31, 2013 was ¥97,010 million ($1,032 million). Each major class of assets and liabilities at the point of sale is as follows:

	Millions of Yen	Millions of U.S. Dollars
Cash and cash equivalents	**¥ 14,433**	**$ 154**
Trade and other receivables	**25,575**	**272**
Property, plant and equipment	**48,198**	**513**
Intangible assets	**139,121**	**1,480**
Other assets	**19,097**	**203**
Current liabilities	**(59,137)**	**(629)**
Non-current liabilities	**(47,021)**	**(500)**

The total consideration received in respect of sales of subsidiaries for the year ended March 31, 2012 was ¥66,103 million. Each major class of assets and liabilities at the point of sale is as follows:

	Millions of Yen
Cash and cash equivalents	¥ 12,653
Trade and other receivables	156,160
Property, plant and equipment	222,908
Other assets	169,403
Current liabilities	(287,438)
Non-current liabilities	(106,476)

One of the major subsidiaries disposed of during the year ended March 31, 2012 was Sumitomo Mitsui Auto Service Company, Limited ("SMAS"). On February 29, 2012, the Company transferred a portion of its common shares of SMAS to Hitachi Capital Corporation. This resulted in a loss of control of SMAS and it became an equity-accounted investee.

33. RELATED PARTY TRANSACTIONS

Compensation for directors

The remuneration for directors for the years ended March 31, 2013 and 2012 is as follows:

	Millions of Yen		Millions of U.S. Dollars
	2013	2012	**2013**
1. Monthly remuneration	**¥ 788**	¥ 837	**$ 8**
2. Bonuses resolved at the 144th ordinary general meeting of shareholders	**—**	301	**—**
3. Bonuses resolved at the 145th ordinary general meeting of shareholders	**244**	—	**3**
4. Expenses recognized for the grant of the 11th of stock option issued on July 31, 2012	**15**	—	**0**
5. Expenses recognized for the grant of the 10th of stock option issued on July 31, 2011	**—**	20	**—**
6. Expenses recognized for the grant of the 7th of stock option (stock-linked compensation plan) issued on July 31, 2012	**91**	—	**1**
7. Expenses recognized for the grant of the 6th of stock option (stock-linked compensation plan) issued on July 31, 2011	**17**	90	**0**
8. Expenses recognized for the grant of the 5th of stock option (stock-linked compensation plan) issued on July 31, 2010	**—**	26	**—**
Total	**¥1,155**	¥1,274	**$12**

34. SUBSIDIARIES

The Companies' subsidiaries as of March 31, 2013 are as follows:

Business segment	Name of subsidiary	Place of incorporation and operation	Proportion of voting power held by the Companies (%)
Metal Products	Sumisho Metalex Corporation	Chuo-ku, Tokyo	100.00
	Sumisho Tekko Hanbai Co., Ltd.	Chuo-ku, Tokyo	100.00
	SC Pipe Solutions Co., Ltd.	Chuo-ku, Tokyo	100.00
	Asian Steel Company Ltd.	Singapore	100.00
	SC Metal Pty. Ltd.	Melbourne, Australia	100.00 (10.00)
	Sumisho Steel Corporation (Hong Kong) Limited	Hong Kong, China	100.00 (10.00)
	ERYNGIUM Ltd.	Glasgow, England	100.00 (70.00)
	SC Pipe Services Inc.	Houston, U.S.	100.00 (100.00)
	Others (47 Companies)		

Business segment	Name of subsidiary	Place of incorporation and operation	Proportion of voting power held by the Companies (%)
Transportation & Construction Systems	KIRIU Corporation	Ashikaga, Tochigi	100.00 (0.24)
	P.T. Summit Oto Finance	Jakarta, Indonesia	100.00 (15.00)
	SMS Construction and Mining Systems Inc.	Acheson, Canada	100.00 (34.75)
	Tecnologia para La Construccion y Mineria S.L.	Madrid, Spain	100.00 (30.00)
	P.T. Oto Multiartha	Jakarta, Indonesia	100.00 (15.00)
	SMS International Corporation	Plant City, U.S.	100.00 (100.00)
	Triton Navigation B.V.	Amsterdam, Netherlands	100.00 (100.00)
	Toyota Ukraine	Kiev, Ukraine	100.00
	Sumitec International, Ltd.	Moscow, Russia	100.00 (20.00)
	SC Construction Machinery (Shanghai) Corporation	Shanghai, China	100.00 (10.00)
	Summit Investment Australia Pty. Limited	Rydalmere, Australia	100.00 (15.00)
	Others (88 Companies)		
Infrastructure	Sumisho Machinery Trade Corporation	Chuo-ku, Tokyo	100.00
	Sumitomo Shoji Machinex Co., Ltd.	Chuo-ku, Tokyo	100.00
	Summit Energy Corporation	Chuo-ku, Tokyo	100.00
	P.T. Central Java Power	Jakarta, Indonesia	100.00 (100.00)
	Perennial Power Holdings Inc.	New York, U.S.	100.00 (100.00)
	Summit Southern Cross Power Holdings Pty. Ltd.	Sydney, Australia	100.00 (20.00)
	Summit Water Limited	London, England	100.00 (30.00)
	Others (39 Companies)		
Media, Network & Lifestyle Retail	SCSK Corporation	Koto-ku, Tokyo	51.44
	Summit, Inc.	Suginami-ku, Tokyo	100.00
	Sumisho Brand Management Corporation	Chiyoda-ku, Tokyo	100.00 (0.92)
	Others (37 Companies)		
Mineral Resources, Energy, Chemical & Electronics	Sumitomo Shoji Chemicals Co., Ltd.	Chuo-ku, Tokyo	100.00
	Sumitronics Corporation	Chuo-ku, Tokyo	100.00
	Nusa Tenggara Mining Corporation	Chuo-ku, Tokyo	74.28
	Serra Azul Iron Ore, LLC	Chuo-ku, Tokyo	100.00
	Sumi Agro Europe Limited	London, England	100.00 (20.00)
	Interacid Trading S.A.	Lausanne, Switzerland	100.00 (30.00)
	Minera San Cristobal S.A.	La Paz, Bolivia	100.00 (100.00)
	Sumisho Coal Australia Pty. Ltd.	Sydney, Australia	100.00
	SC Minerals America, Inc.	Denver, U.S.	100.00 (15.25)
	Summit Petroleum Limited	London, England	100.00 (15.00)
	Petro Summit Pte. Ltd.	Singapore	100.00 (20.00)

Business segment	Name of subsidiary	Place of incorporation and operation	Proportion of voting power held by the Companies (%)
	Summit Minerals GmbH	Zug, Switzerland	100.00 (100.00)
	Summit Oil and Gas USA Corporation	New York, U.S.	100.00
	Summit Discovery Resources II LLC	Houston, U.S.	100.00 (100.00)
	Inversiones SC Sierra Gorda Limitada	Santiago, Chile	100.00 (0.06)
	Comercial Metales Blancos AB	Stockholm, Sweden	100.00
	Summit Shale International Corporation	New York, U.S.	100.00
	Others (69 Companies)		
General Products & Real Estate	SEVEN INDUSTRIES CO., LTD.	Minokamo, Gifu	50.60
	Sumifru Corporation	Shibuya-ku, Tokyo	100.00
	IG Kogyo Co., Ltd.	Higashine, Yamagata	65.68
	S.C. Cement Co., Ltd.	Chuo-ku, Tokyo	100.00
	TBC Corporation	Palm Beach Gardens, U.S.	100.00 (100.00)
	Summit Rural Western Australia Pty. Ltd.	Kwinana, Australia	100.00 (20.00)
	Summit Grain Investment (Australia) Pty Ltd	Sydney, Australia	100.00 (30.00)
	Others (42 Companies)		
New Industry Development & Cross-function	Sumisho Global Logistics Co., Ltd.	Chuo-ku, Tokyo	100.00
	Thang Long Industrial Park Corporation	Hanoi, Vietnam	58.00 (58.00)
	Sumitomo Corporation Global Commodities Limited	London, England	100.00 (32.67)
	Others (35 Companies)		
Domestic Regional Business Units and Offices	Nippon Katan Co., Ltd.	Hirakata, Osaka	100.00
	Sumisho Montblanc Co., Ltd.	Chuo-ku, Osaka	87.50
	Others (9 Companies)		
Overseas Subsidiaries and Branches	Sumitomo Corporation of America	New York, U.S.	100.00 (100.00)
	Sumitomo Corporation Europe Holding Limited	London, England	100.00 (100.00)
	Sumitomo Corporation (China) Holding Ltd.	Beijing, China	100.00
	Sumitomo Corporation Asia Pte Ltd.	Singapore	100.00 (100.00)
	Sumitomo Australia Pty Ltd.	Sydney, Australia	100.00 (100.00)
	Sumitomo Corporation Do Brasil S.A.	Sao Paulo, Brazil	100.00 (19.32)
	Sumitomo Corporation Taiwan Ltd.	Taipei, Taiwan	100.00 (100.00)
	Sumitomo Corporation (Central Eurasia) LLC	Moscow, Russia	100.00
	Others (127 Companies)		
Others	Sumitomo Shoji Financial Management Co., Ltd.	Chuo-ku, Tokyo	100.00
	Yasato Kosan Co., Ltd.	Chuo-ku, Tokyo	100.00
	Others (1 Company)		

*1 The percentage in the parenthesis under "Proportion of voting power held by the Companies" indicates the indirect ownership out of the total ownership noted above.
*2 In relation to subsidiaries to be sold within one year, ¥20,715 million of assets held for sale and ¥7,920 million of associated liabilities are presented as "Other current assets" and "Other current liabilities," respectively, as of March 31, 2012.

35. COMMITMENTS AND CONTINGENT LIABILITIES

(1) Commitments

The Companies customarily enter into long-term purchase commitments for certain items, principally ocean transport vessels and industry materials, either at fixed prices or at basic purchase prices adjustable to market. Such purchase commitments are in most instances matched with counter-party sales contracts. Long-term purchase contracts at fixed prices or at basic purchase prices adjustable to market amounted to ¥893,613 million ($9,507 million) as of March 31, 2013. Scheduled deliveries are at various dates through 2025. The Companies also had financing commitments of ¥234,894 million ($2,499 million) as of March 31, 2013 for loans and investments in equity capital.

For finance and operating lease commitments to which the Companies are the lessees, refer to Note 8.

(2) Guarantees

The Companies enter into various guarantee agreements. These agreements arise in transactions related to enhancing the credit standings of equity-accounted investees, suppliers, buyers and employees, and residual value guarantees on operating leases.

The following table provides the undiscounted maximum amount of potential future payments for each major group of guarantees as of March 31, 2013:

	Millions of Yen	Millions of U.S. Dollars
	2013	**2013**
Guarantees of indebtedness to:		
Equity-accounted investees	**¥116,090**	**$1,235**
Third parties	**100,965**	**1,074**
Employees	**1,189**	**13**
Residual value guarantees for leases	**6,815**	**72**
Total	**¥225,059**	**$2,394**

The Company conducted a tender offer for all the issued common shares and share options of Jupiter Telecommunications Co., Ltd. (“J:COM”), which is an associate of the Company, through NJ Corporation (“NJ”) which was jointly managed with KDDI Corporation, so that J:COM will be delisted.

In relation to the above, the Company entered into guarantee agreements for NJ’s borrowings from banks on March 6, 2013 and the guarantee aggregated to ¥34,200 million ($364 million) as of April 16, 2013.

1. Guarantees for Indebtedness of Equity-accounted investees

The Companies provide guarantees on certain equity-accounted investees’ borrowings from banks, payables to suppliers and other indebtedness. These guarantees mature through 2030. Guarantees with third party guarantee aggregated to ¥11,549 million ($123 million) as of March 31, 2013. The Companies would be obliged to reimburse the banks for losses, if any, if an equity-accounted investee defaults on a guaranteed loan.

2. Guarantees for Indebtedness of Third Parties

The Companies also provide guarantees for indebtedness of third parties. These guarantees are arranged mainly with suppliers and customers and mature through 2024. The Companies must pay if a guaranteed party defaults on a guaranteed indebtedness. Guarantees with third party guarantee aggregated to ¥4 million ($0 million) as of March 31, 2013. Some of these guarantees are also collateralized by borrower assets.

3. Guarantees for Indebtedness of Employees

The Companies offer guarantees to banks for housing loans of employees as an employee benefit. The maximum maturity of the guarantees is 25 years. The Companies would be obliged to reimburse the banks for losses, if any, if the employee defaults on a guaranteed loan. These guarantees are collateralized by the housing units related to the loans.

4. Residual Value Guarantees

The Companies also provides residual value guarantees to owners of transportation equipment leased by third parties under operating leases to compensate for the differential between fixed prices and actual disposal proceeds on dates specified in these contracts. These guarantees mature through 2022. If the actual disposal amounts of the equipment are less than the guaranteed values on the specified date, the Companies will be required to compensate for the shortfall to the extent obligations by the lessee under the contract are satisfied. The current estimated future values of such transportation equipment are higher than the guaranteed values, and, accordingly, no allowance has been recognized as of March 31, 2013.

Management does not expect to incur losses on the above commitments and guarantees in excess of established allowances.

(3) Litigation and Others

On December 30, 2011, Minera San Cristobal S.A. (“MSC”), which is a consolidated subsidiary of the Company, in Plurinational State of Bolivia received a correction notice, relating to its withholding tax returns, from Bolivian Tax Authority. During 2013 MSC is in legal proceedings to dispute the resolution. The Company does not disclose the detail because it is to prejudice seriously the position of the entity in a dispute with other party on the subject matter of the contingent liability.

In addition to the above, the Companies are also involved in certain legal actions and claims incidental to its business. In the opinion of management, none of these actions or claims will have a material adverse effect on the financial position or results of operations of the Companies.

36. SUBSEQUENT EVENTS

There are no subsequent events to be disclosed as of June 21, 2013, the date the Annual Security Report was filed.

37. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated financial statements were approved by Kuniharu Nakamura, CEO, and Hiroyuki Inohara, CFO, on June 21, 2013.

KPMG

Independent Auditors' Report

The Board of Directors and Shareholders
Sumitomo Corporation:

We have audited the accompanying consolidated financial statements of Sumitomo Corporation and its subsidiaries, which comprise the consolidated statement of financial position as of March 31, 2013, the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Sumitomo Corporation and its subsidiaries as of March 31, 2013, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Convenience translations

The accompanying consolidated financial statements as of and for the year ended March 31, 2013 have been translated into United States dollars solely for the convenience of the reader. We have audited the translation and, in our opinion, the consolidated financial statements expressed in Japanese yen have been translated into dollars on the basis set forth in note 2(3) of the notes to the consolidated financial statements.

KPMG AZSA LLC

June 21, 2013
Tokyo, Japan

Reference Information [Risk factors]

Sumitomo Corporation and Subsidiaries

The factors described below may conceivably materially affect investors' decisions as risks relating to us. Unless otherwise specified, information concerning the future presented herein are forecasts based on our decisions, targets, certain premises or assumptions as of the last day (March 31, 2013) of the consolidated fiscal year and may differ materially from the actual results.

RISKS RELATED TO OUR BUSINESS

The risk of our revenues and profitability fluctuating from period to period unexpectedly

Our results of operations for any quarter, half year or year are not necessarily indicative of results to be expected in future periods. Our operating results have historically been, and we expect they will continue to be, subject to quarterly, half yearly and yearly fluctuations as a result of a number of factors, including:

- changes in prevailing economic and other conditions relating to our businesses;
- variations in costs, sales prices and volume of our products and services, and the mix of products and services we offer;
- changes in customer demand and/or our supply chains, which in turn will often depend upon market conditions for the relevant products, the success of our customers' or suppliers' businesses, industry trends, and other factors;
- changes in the level of performance of our strategic investments, which in turn will affect our gains and losses on sales of such investments or may result in the write-off or impairment of such investments;
- changes in our asset prices, including equity, real estate and other assets, which in turn will affect our gains and losses on sales of such assets or may result in the write-off or impairment of such assets;
- changes in the financial and commodity markets; and
- changes in the credit quality of our customers.

As such, you should not rely on comparisons of our historical results of operations as an indication of our future performance.

The risk that we may not be able to achieve the managerial targets set forth in our medium-term business plans

As part of our efforts to strengthen our position as a leading global business enterprise, we intend to increase our profitability and our earnings base and to improve our financial strength and the efficiency and effectiveness of our operations. As part of these continuing efforts, we set and implement a medium-term business plan every two years. In the medium-term business plan, we set certain quantitative and qualitative targets and undertake efforts to achieve such targets while monitoring the status of progress. The targets are set based on the gathering and analysis of information deemed appropriate at the time of such target-setting. However, since we may not be able to always gather all the necessary information, we may not be able to achieve the targets due to changes in the operating environment and other factors.

In our business plan, we use two key management measures that we call "risk-adjusted assets" and "risk-adjusted return ratio," which are targets set for each of our industry-based business units and for our company as a whole. These targets involve a certain statistical confidence level, estimates and assumptions. Since they are different from return on assets or any other measure of performance calculated based on the financial statements, they may not be useful to all investors in making investment decisions.

The risk that economic conditions may change adversely for our business

We undertake operations through our offices in over 60 countries, including Japan. Since we are engaged in business activities and other transactions in a broad range of industrial sectors in Japan and abroad, we are affected by not only general Japanese economic conditions but also the economic conditions of the relevant countries in which we operate and the world economy as a whole.

As a result of the financial crisis that occurred in many major economies, some countries in which we operate have experienced, or are currently experiencing, deflation, currency depreciation, and liquidity crises, and these conditions may continue or reoccur in the future.

Moreover, economic conditions in key countries for our operations have been adversely impacted by events such as the continued fear of future terrorist attacks and political instability.

These changes in economic conditions in key countries for our operations may adversely affect our results of operations and financial condition.

Risks associated with intense competition

The markets for many of the industries in which we are involved are intensely competitive. For many of our businesses, we are involved at all levels of the supply chain and compete with companies that are engaged in certain of the same businesses as we are, but that are more concentrated in individual business segments. We also compete with other integrated trading companies in Japan which often establish and pursue similar strategic business plans as ours. Our competitors may have stronger relationships and associations with our current or potential customers, suppliers, counterparties and business partners. Our competitors may also have greater financial, technical, marketing, distribution, information, human and other resources than we do and may be stronger in certain of the market segments in which we operate.

In this intensely competitive environment, our results of operations will be adversely affected if we are unable to:

- anticipate and meet market trends to timely satisfy our customers' changing needs;
- maintain relationships with our customers and suppliers;
- maintain our global and regional network of associated companies and business partners;
- obtain financing to carry out our business plans on reasonable terms or at all; and
- adapt our cost structure to constantly changing market conditions so as to maintain our cost competitiveness.

Credit risk arising from customers and counterparties

Our business is exposed to credit risks as we extend credit to our customers in the forms of accounts receivable, advances, loans, guarantees and other instruments. Our customers include companies in which we hold equity interest. For such customers, we are exposed to both credit risk as well as investment risk. We also enter into various swaps and other derivative transactions primarily for hedging purposes and have counterparty risk in relation to such contracts. Our business, results of operations and financial conditions may be adversely affected if our customers or counterparties fail to meet their financial or contractual obligations to us.

We undertake efforts to manage credit risk by carrying out credit checks on customers based on our internal credit rating system, obtaining collateral or guarantees, and having a diversified customer base. We make allowances for doubtful receivables based on certain assumptions, estimates and assessments about the credit worthiness of our customers, the value of collateral we hold and other items.

However, such efforts may not be sufficient to avoid loss that may arise from credit risk. Furthermore, these assumptions, estimates and assessments might not be correct. In addition, if general economic conditions deteriorate, if other factors which were the basis for our assumptions, estimates and assessments change, or if we are adversely affected by other factors to an extent worse than anticipated, our actual losses could materially exceed our allowances.

Risks related to investment activities and our strategic business alliances

In connection with our corporate strategy and the development of our business opportunities, we have acquired or made investments in newly established or existing companies and intend to continue to do so in the future. We sometimes extend credit, through such as credit sales, loans, and guaranties, to the companies in which we invest. As our business investments sometimes require the commitment of substantial capital resources, in some instances, we may be required to contribute additional funds. We may not be able to achieve the benefits we expect from such investments. In addition, since a substantial portion of our business investments is illiquid, we may not be able to exit from such investments at the time or in the manner we would like.

We sometimes enter into partnerships, joint ventures or strategic business alliances with various third parties. In some cases, we cannot control the operations and assets of the companies in which we invest nor can we make major decisions in relation to such investments without the consent of other shareholders or participants, or cannot do the same at all. Our business could be adversely affected in such cases, or if we are unable to continue with one or more of our partnerships, joint ventures or strategic business alliances.

In order to mitigate these risks, we in principle invest only in projects that meet the specified hurdle rate at inception of investment. At the same time, as for large, important projects that could have a major impact on the entire company, the Corporate Group has a restraining function on business segments through the Loan and Investment Committee, which analyzes project risks from a specialist view point and assesses whether or not to proceed with them prior to the investment. Also, the Corporate Group is responsible for post-closing monitoring of the investment, which is a fundamental part of investment risk control, through tracking of results of investments comparison of business plans.

Fluctuations of interest rates, foreign currency exchange rates, and commodity prices

We rely on debt financing in the form of loans from financial institutions or the issuance of corporate bonds and commercial paper to finance our operations. We also often extend credit to our customers and suppliers in the form of loans, guarantees, advances and other financing means. For example, through several subsidiaries, we are engaged in motor vehicle financing and leasing businesses in Japan and other countries. Revenues and expenses and the fair price of our assets and liabilities arising from such business transactions, in some cases, are affected by interest rate fluctuations.

Foreign currency exchange rate fluctuations can affect the yen value of our investments denominated in foreign currencies as well as revenues and expenses and our foreign currency-denominated assets and liabilities arising from business transactions and investments denominated in foreign currencies. Exchange rate fluctuations can also affect the yen value of the foreign currency financial statements of our foreign subsidiaries. Although we attempt to reduce such interest rate fluctuations and foreign currency exchange risks, primarily by using various derivative instruments, we are not able to fully insulate ourselves from the effects of interest rate fluctuations and exchange rate fluctuations.

As a major participant in the global commodities markets, we trade in a variety of commodities, including mineral, metal, chemical, energy and agricultural products and invest in natural resource development projects. As such, we may be adversely affected by the fluctuations in the prices of the relevant commodities. Although we attempt to reduce our exposure to price volatility by hedge-selling commodities, matching the quantity and timing of buying and selling, and utilizing derivative instruments for hedging purposes, we are not able to fully insulate ourselves from the effects of commodity price movements.

Risks related to declines in real estate market or impairment loss on fixed assets, etc.

Our real estate business involves developing, renting and managing of and providing services to office buildings and commercial and residential properties in Japan and abroad. If the real estate market deteriorates, our results of operations and financial condition could be materially adversely affected.

Also, if land prices and rental values decline, we may be forced to write down the value of our properties as well as the value of land and buildings held for lease and land held for development. Not only real estate but also our property holdings are exposed to impairment risk. As such, our business, operating results and financial condition could be adversely affected.

Risks related to continued volatility of equity markets in Japan and elsewhere

A significant portion of our investments consists of marketable equity securities, particularly those of Japanese issuers. Our results of operation and financial conditions may be adversely affected if the Japanese equity market declines in the future because we would incur impairment losses for equity securities.

Risks regarding uncertainty about retirement benefit obligation

Declines in the Japanese and foreign stock market would reduce the value of our plan assets, and could necessitate additional funding of the plan by us. This could adversely affect our results of operations and financial condition.

Concentration of risk exposure in specific fields

Some parts of our operations and businesses are concentrated in a few particular markets, entities, and regions. As a result, if these operations and businesses do not perform as we expect or if the economic conditions in these markets and regions deteriorate unexpectedly, it could have a disproportionately negative effect on our businesses and results of operations. For example, we are involved in a large copper and gold mine project, a large power plant project, the automobile lease and finance business, liquefied natural gas projects and other business activities in Indonesia. As such, risk exposure is concentrated there.

Risks stemming from restrictions on access to liquidity and capital

We rely on debt financing in the form of loans from financial institutions or the issuance of corporate bonds and commercial paper etc. to finance our operations. If financial markets are in turmoil and financial institutions reduce their lendings to us and there is a significant downgrade of our credit ratings by one or more credit rating agencies, we may not be able to access funds when we need them on acceptable terms, our access to debt capital markets may become more restricted or the cost of financing our operations through indebtedness may increase. This could adversely affect our results of operations and financial condition.

Risks regarding laws and regulations

Our operations are subject to extensive laws and regulations covering a wide range of fields in Japan and many other countries. These laws and regulations govern, among other things, tariffs and other taxation, repatriation of profits, business and investment approvals, import and export activities (including restrictions based on national security interests), antitrust and competition, commercial activities, currency exchange, distributor protection, consumer protection and environmental protection. In some of the countries in which we operate, our operations may subject us to additional or future relevant laws and regulations. Also particularly in developing countries with relatively nascent legal systems, our burden of compliance may further increase due to factors such as the lack of laws and regulations, unexpected interpretations of existing laws and regulations and changing practices of regulatory, judicial and administrative bodies. Failure to comply with current or future laws and regulations could lead to penalties and fines against us and restrictions in our operations or damage to our reputation. If that occurs, our business, results of operations and financial condition could be materially adversely affected.

Risks related to legal actions, etc.

We are party to a number of legal actions and other disputes in Japan and abroad. In performing our business, lawsuits arising incidentally and claims that do not develop into lawsuits may be brought against us.

Due to the inherent uncertainty of litigation, it is not possible to predict the ultimate outcome of the actions in which we are involved at this time. There can be no assurance that we will prevail in any action or that we will not be materially adversely affected by such action in the future.

Risks regarding noncompliance by officers and employees with applicable laws and regulations and internal policies and regarding management of our information and communications systems

Due to our size, as well as the diversity and geographic breadth of our activities, our day-to-day operations are necessarily decentralized. The nature of our operations requires extensive internal controls and management oversight to ensure compliance by our employees with applicable laws and regulations and our internal policies. There can be no assurance that we will succeed in preventing misconduct by our employees through our internal control and compliance systems. Employee misconduct could have a material adverse effect on our results of operations, expose us to legal and financial risks and compromise our reputation.

We are dependent on the proper functioning of our information and communications systems to maintain our global operations. System malfunction may result in disruptions of our operations.

There is no assurance that our risk management systems will effectively minimize various types of risks in our operations to appropriate levels.

Our extensive and diverse businesses expose us to various types of risks. We conduct our business through industry-based business units and regional operations, domestic and overseas. At the same time, we are expanding our business activities into new areas. Accordingly, in addition to the risks and uncertainties that we face as a whole as an integrated trading company, each of our industry-based business units and regional operations may be subject to risks inherent in or relating to each industry, market and/or geographic focus.

Our existing risk management systems, which consist of various elements from risk measurement methodology and information system to internal rule and organization structure, may not work satisfactorily with respect to various risks. Furthermore, we may have no experience or only limited experience with the risks relating to our new business activities, products and services.

In such cases, our new business activities, products and services may require the introduction of more complex management systems and additional management resources, such as human resources.

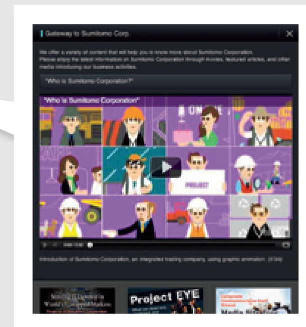
Moreover, a shortage of management resources, such as human resources, may lead to a restriction of business operation.

Natural Disasters and other risks

Natural disasters, such as an earthquake, tsunami, heavy rain or flood, or infectious diseases, such as the new influenza occur in the region or the countries where we operate may adversely affect our operations and results. We have implemented measures such as developing disaster contingency manual, creating Business Continuity Plan (BCP), introducing a safety confirmation system of employees, reinforcing earthquake resistance, and conducting emergency drills. However, despite of these measures, there is no assurance that damage from disasters can be completely avoided.

Sumitomo Corporation Website

Please refer to our corporate website in conjunction with this annual report. The website contains detailed information.



Corporate Website

http://www.sumitomocorp.co.jp/english/

Gateway to Sumitomo Corporation

This website contains various information and material to help you to understand Sumitomo Corporation.

Investor Relations Website

http://www.sumitomocorp.co.jp/english/ir/

This website contains up-to-date information including IR news and timely disclosures.

This annual report is available in HTML format for ease of browsing on the Internet.

Social Responsibility Website

http://www.sumitomocorp.co.jp/english/csr/

This website contains details about Sumitomo Corporation's initiatives for society and the environment.

For further information contact:

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http://www.sumitomocorp.co.jp/english/

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