Sumitomo Corporation

Be the Best, Be the One

Annual Report 2014

What We Aim to Be in 2019, Our Centennial Year

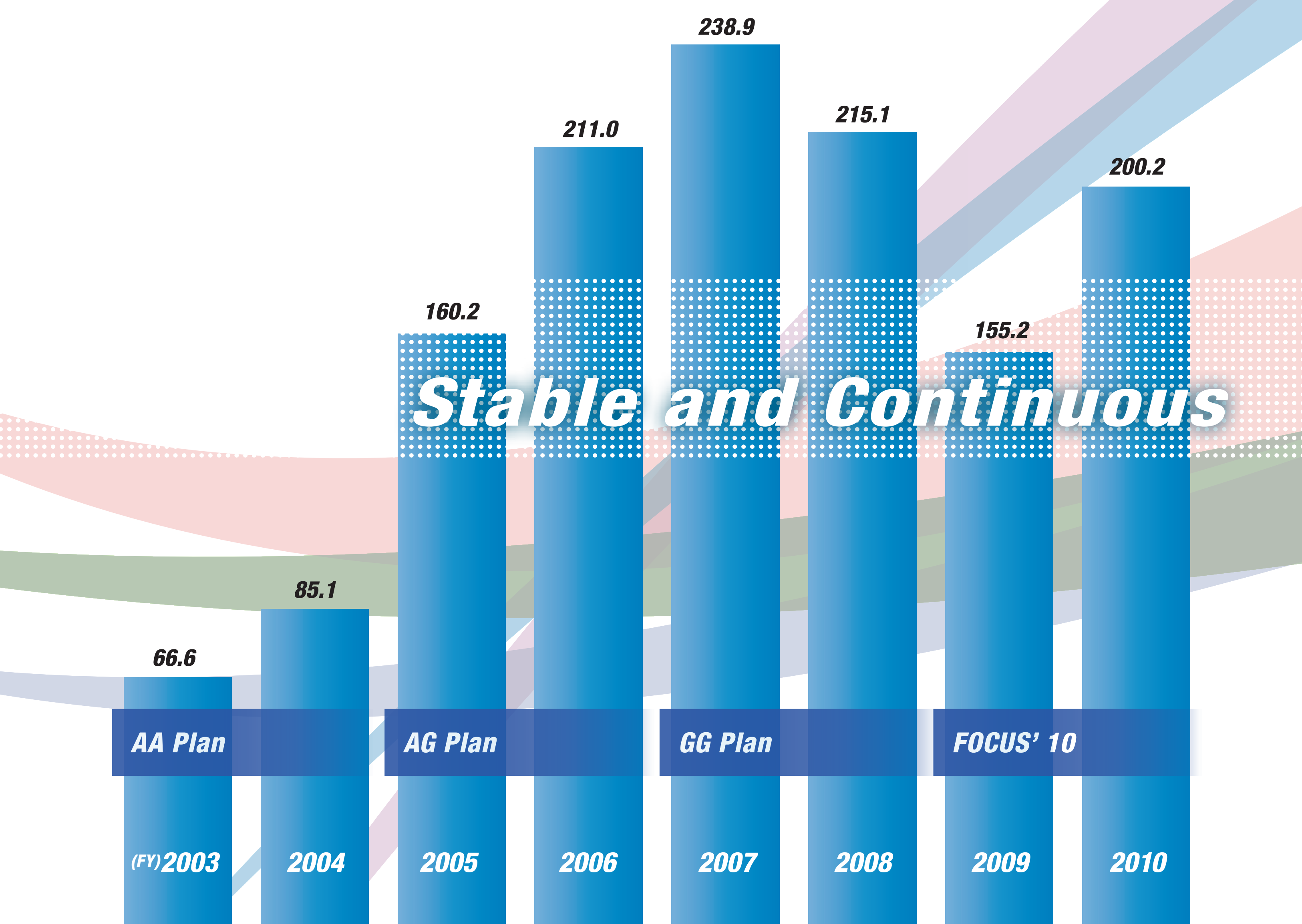
Be the Best, Be the One

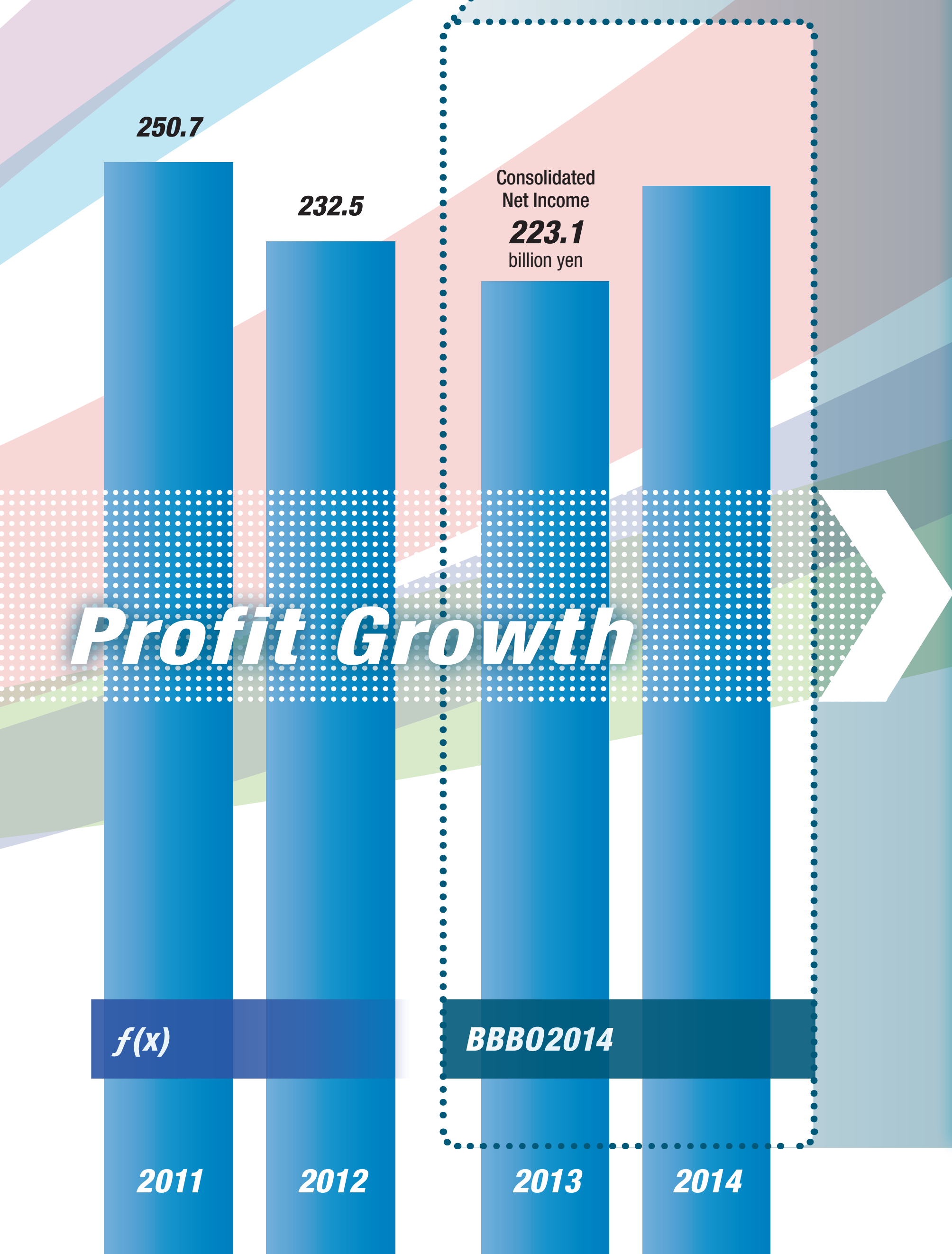
Building a foundation for stable, sustainable growth over the next 50 years, 100 years, and beyond

The Sumitomo Corporation Group to date has continued to grow, adapting flexibly to various changes in business environments along the way. Those business environments enveloping the Group, however, are forecast to change both dramatically and erratically as the years go by.

To achieve stable, sustainable growth under these environments, a medium-to-long-term vision will be required. The Sumitomo Corporation Group has set a vision of “What We Aim to Be in 2019, Our Centennial Year” (Be the Best, Be the One) to take the initiative of building a foundation for stable, sustainable growth for the next 50 years, 100 years, and beyond.

“Be the Best, Be the One 2014” (BBBO2014) medium-term management plan we are currently implementing is the first important step in making our vision of “What We Aim to Be” a reality.



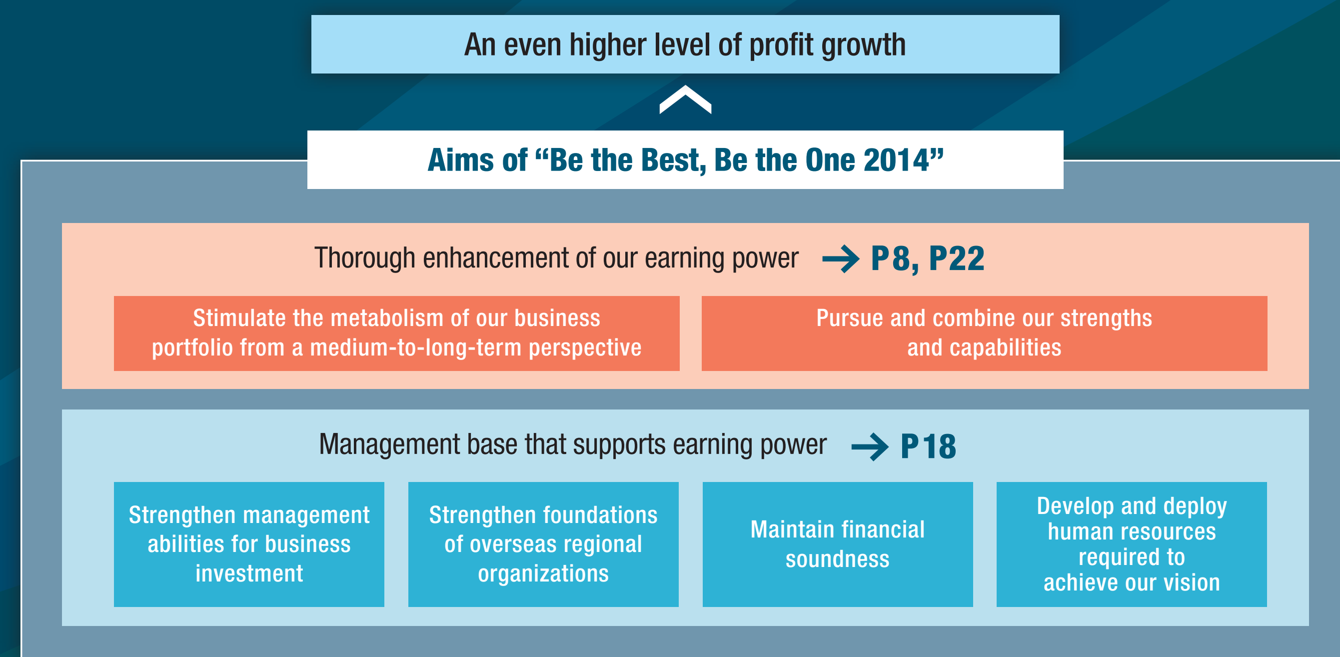


Medium-term management plan

Be the Best, Be the One 2014

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

■ Basic Policy



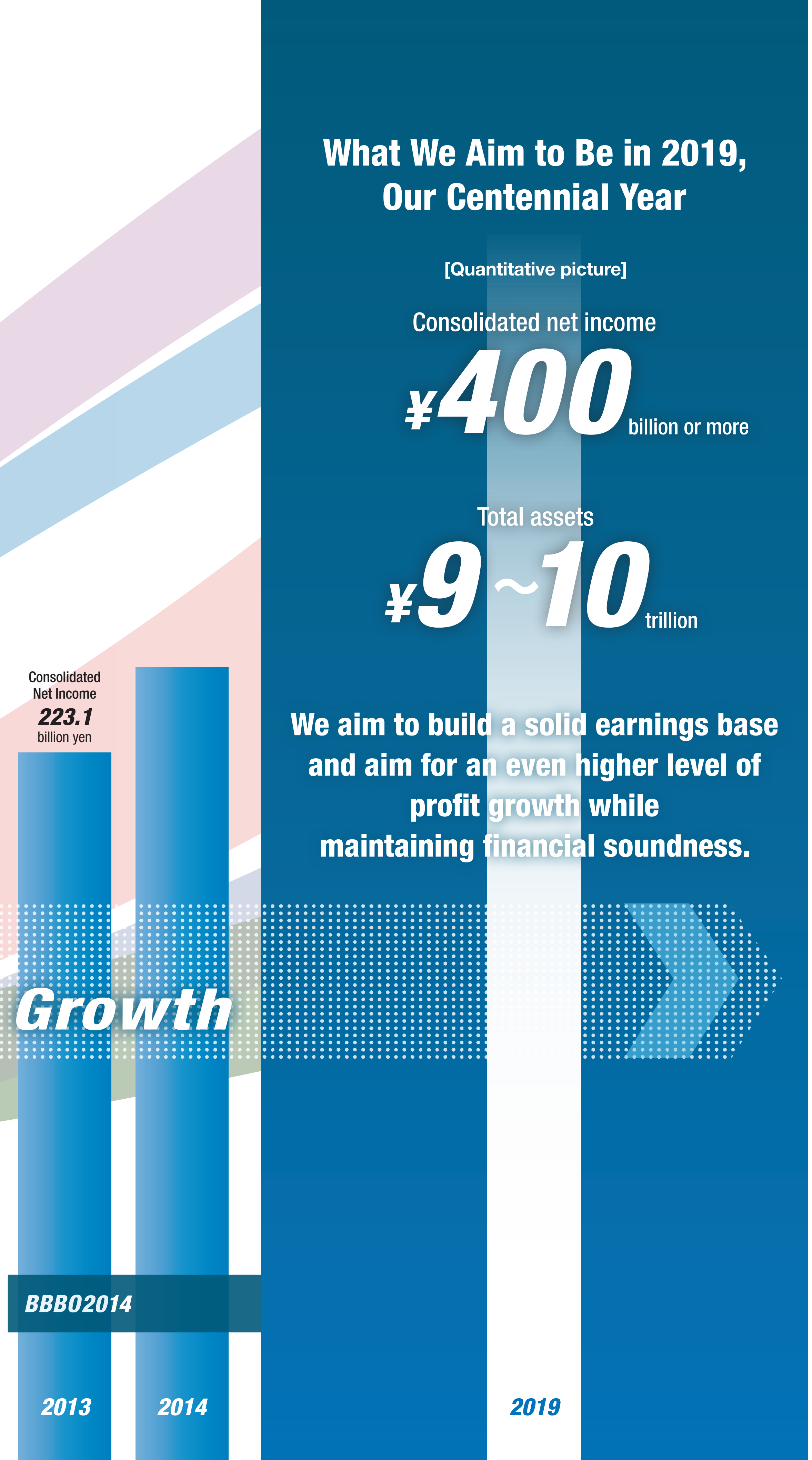
This medium-term management plan for fiscal 2013 and 2014 (April 2013 through March 2015) covers the first two years of our journey to achieve our vision of what we aim to be. We have positioned the two years covered by this plan as the stage for advancing to an even higher level of profit growth. By thoroughly enhancing our earning power and strengthening the management base that supports it, we will construct a solid earnings base while maintaining financial soundness.

Sumitomo Corporation Group's Strength

The Sumitomo Group's growth has long been underpinned by Sumitomo's Business Philosophy, which has been passed down, maintained and followed faithfully for more than 400 years since the Group's founding.

Relying on this Business Philosophy and the Corporate Mission Statement stemming from it as a touchstone to the value judgments, the Sumitomo Corporation Group has maintained a basic policy of aiming for "earnings expansion" while maintaining "management stability."

Such an approach to business is also firmly affixed in our BBBO2014 medium-term management plan.



Editorial Policy / Contents

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.

Starting with 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, environmental and social initiatives, and other moves targeting stable, sustainable growth. We hope this will help readers to better understand the Sumitomo Corporation Group.

›› Investor Relations Website
This website contains up-to-date information including IR news and timely disclosures.
http://www.sumitomocorp.co.jp/english/ir/

›› Social Responsibility Website
This website contains details about Sumitomo Corporation's environmental and social initiatives.
http://www.sumitomocorp.co.jp/english/csr/

Scope of the Report

- Period covered: April 1, 2013 to March 31, 2014
  (Some activities starting on or after April 1, 2014 are included.)
- Organizations covered: Sumitomo Corporation and the Sumitomo Corporation Group
- Previous publications: September 2013
- Next publication: In the fall of 2015.

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 2012 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.

Lead Feature: What We Aim to Be

Be in 2019, Our Centennial Year

Section 1

Management Strategy and Achievements

Message from the President: To Our Stakeholders

We Will Achieve Our Goals

Sumitomo Corporation is laying a solid foundation for continued growth as the centennial of its foundation in 2019 approaches, to ensure stable and continuous growth for the Group for another 50 years, 100 years, and in perpetuity.

Kuniharu Nakamura, President and CEO

01

Aiming for Stable and Continuous Growth

"We will think outside the box to create completely new business models and achieve stable and continuous growth."

Looking at prospects for global conditions over the longer term, the world's population is projected to increase, driven by emerging countries in Asia and Africa. This is likely to spur rapid growth in demand for resources such as energy, food and water. In Asia, economic development will boost the wages of low-income workers, lifting many into the middle class and driving sustained expansion in emerging markets. As a result, emerging countries will account for a larger share of the global economy, leading to major changes in the global economic environment.

Business models of integrated trading companies have changed drastically over the last 20 years, but in order to continue delivering stable and continuous growth under those conditions, trading companies will need to think outside the box to create completely new business models that anticipate long-term developments in global conditions and the operating environment.

Sumitomo Corporation will celebrate its centennial anniversary in fiscal 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." By realizing this vision, we aim to lay a solid foundation for stable, continuous growth over the next 50 years, 100 years, and beyond following this centennial.

What We Aim to Be in 2019, Our Centennial Year

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

* Consolidated net income in this report is the same as IFRS profit for the year attributable to owners of the parent.

02 Overview of BBBO2014 and Its Initiatives

"We will build a foundation to achieve the even higher level of profit growth envisioned in "What We Aim to Be.""

Under our current medium-term management plan, Be the Best, Be the One 2014 (BBBO2014), we have positioned fiscal 2013 and fiscal 2014 as a two-year period to build an operating base that will support even stronger profit growth in order to realize our vision of "What We Aim to Be." Specifically, we are working to thoroughly enhance the Group's earning power by "stimulating the metabolism of our business portfolio from a medium-to-long-term perspective" and by "pursuing and combining our strengths and capabilities."

To stimulate the metabolism of our business portfolio from a medium-to-long-term perspective, Sumitomo Corporation will concentrate corporate resources on

- Making the existing earnings pillars even more robust,
- Undertaking efforts to foster and develop new pillars of earnings for the future, and
- Achieving greater value of existing investment projects in order to strengthen our earning power.

At the same time, in order to secure the necessary corporate resources for the Group, we will carry out reductions and divestitures of businesses that show little potential for profit or growth, and sell or reduce assets on an ongoing basis through strategic partnerships.

"Pursuing and combining our strengths and capabilities" has two key elements. We are actively pursuing the Group's existing strengths and capabilities, while also combining them inside and outside the Group in order to make the most of our integrated strengths.

Specific initiatives include positioning unconventional energy-related business fields as a strategic industrial focus for development by the entire Group, with cross-company working groups formulating strategies and business models and implementing new projects.

The Sumitomo Group has already been involved in a range of unconventional energy-related businesses. In 2009, we became the first Asian company to join a shale gas development project, and our tubular products business, which handles oil country tubular goods (OCTG) and line pipes, is an active participant in various business ventures in the unconventional energy-related field. In this field, we see a growing number of other business opportunities in areas such as water treatment and construction equipment rental. We plan to leverage our expertise accumulated so far to tap into those opportunities and to create new businesses.

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

Enhance existing earnings pillars	Develop future earnings pillars	Improve profitability of existing investments
Preferentially allocate corporate resources to our strong fields	Specify fields and regions that have high potential for growth and provide support at the company-wide level	Achieve greater value for the investments made in recent years
Primary Fields	Strategic Industrial/ Regional Focus	

Shift corporate and human resources

Reduce assets through strategic partnerships	Scale back or exit businesses with weak profitability or limited growth prospects

Primary Fields

Metal Products	Tubular Products Business
Transportation & Construction Systems	Automotive Business
Environment & Infrastructure	Power Infrastructure Business
Media, Network, Lifestyle Related Goods & Services	Media Business, Real Estate Business
Mineral Resources, Energy, Chemical & Electronics	Upstream Mineral Resources and Energy Business

Strategic Industrial Focus

- Businesses peripheral to unconventional energy-related business
- Retail business in Asia
- Food business

Strategic Regional Focus

- India
- Myanmar
- Sub-Saharan Africa
- Brazil
- Turkey

03

Interim Evaluation of Fiscal 2013 after a Year of BBBO2014

"We have steadily enhanced our earning power as envisioned in "What We Aim to Be.""

P14 ‹‹
(Please refer to page 14 for details on Progress in BBBO2014)

In fiscal 2013, the first year of BBBO2014, we reported consolidated net income of ¥223.1 billion, lower than our initial forecast of ¥240.0 billion. Non-resource businesses such as metal products and transportation & construction systems were firm, but resource businesses were hit by falling prices and we booked an impairment loss on our Australian coal mining project toward March 31, 2014, which were the main factors behind the shortfall in net income.

Also, some investments, including major resource development investments, are taking longer to become profitable than we initially projected. Enhancing the value of these investments will be a key issue going forward.

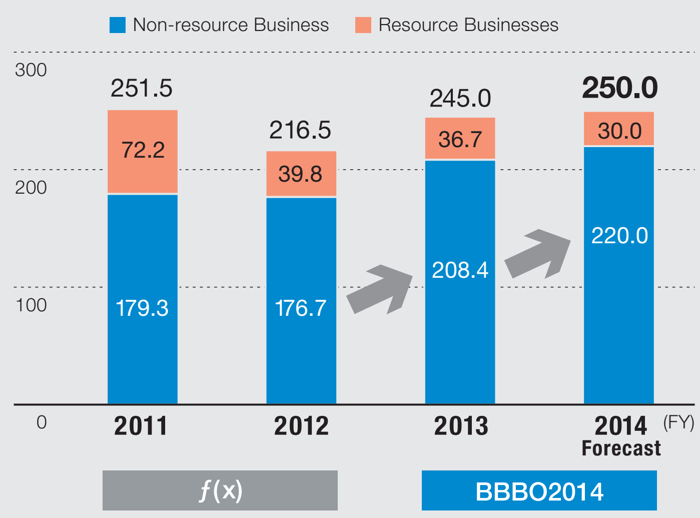
Basic profit, which strips out impairment losses and other extraordinary items to show the Group's underlying earning power, rose to ¥245.0 billion, exceeding our initial forecast on the back of growth in non-resource businesses. This illustrates the steady progress we have made in enhancing our earning power, which is part of our vision of "What We Aim to Be."

Non-resource businesses reported basic profit of ¥208.4 billion, supported by solid growth among our earnings pillars. This reflected a shift in corporate resources to those earnings pillars and the results of initiatives that we are implementing with strategic partners.

In fiscal 2013, investments and loans totaled ¥290.0 billion, compared with our two-year target of ¥750.0 billion. We focused our resources on the primary fields and on the area of strategic industrial and regional focus.

We also divested and reduced ¥250.0 billion in assets compared with our two-year target of ¥770.0 billion, making steady progress with our policy of "stimulating the metabolism of our business portfolio."

Trend in Basic Profit
(Billions of Yen)



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

04

Initiatives in Fiscal 2014, the Second Year of BBBO2014 for the Realization of "What We Aim to Be"

"We will step up efforts to "stimulate the metabolism of our business portfolio.""

Sumitomo Corporation will target ¥250.0 billion in consolidated net income for fiscal 2014, the second year of BBBO2014.

In resource businesses, we expect operating conditions to remain challenging amid low prices. However, in non-resource businesses, we forecast profit growth in operations that have become earnings pillars, and business investments in recent years are likely to start contributing to profits.

In fiscal 2014, we will step up efforts to "stimulate the metabolism of our business portfolio from a medium-to-long-term perspective." By achieving our targets, we will work toward creating solid foundations to realize our vision for "What We Aim to Be."

In November 2013, as part of efforts to make existing earnings pillars even more robust, the tubular products business acquired the Edgen Group, a global distributor of metal and tubular products for the energy industry. In fiscal 2014, we plan to strengthen earning power further by generating synergies between our tubular products value chain—one of the Group's strengths—and the Edgen Group. In the automotive business, we plan to ramp up production at our finished vehicle manufacturing joint venture with Mazda in Mexico and expand our automotive components business to grow the earnings base.

P22 ‹‹
(Please refer to the feature entitled Thorough Enhancement of Our Earning Power on page 22 for details)

Also, in order to develop future earnings pillars, we signed a comprehensive alliance agreement in the unconventional energy field in 2013 with Gas Technology Institute, one of the leading energy research organizations in the U.S. By bringing together Gas Technology Institute's long track record in shale-related technological expertise and the technology of Japanese companies, we aim to help Japanese corporate interests move into the shale-related industry while also using our global network and know-how to pursue multiple business opportunities. We have already received inquiries from Japanese companies, suggesting a positive outlook for new business development.

In the retail field in Asia, we plan to apply our successful domestic approach to overseas markets in order to tap the voracious consumer demand of the growing middle classes in emerging countries. One example of our approach is Indonesia, where we have been operating car and motorcycle retail financing businesses since 1994. This long track record has helped us build up a vast amount of customer data that is unrivaled in the market. With the arrival of the big data era, customer data has become an extremely important resource for developing retail businesses. In addition, to expanding the retail financing operations further, we are looking to develop a wide range of retail businesses based on this customer data.

Achieving greater value of existing investment projects is an issue we have been tackling since last year, but we need to step up our efforts in this area. In January 2014, we started up commercial production at the Ambatovy nickel project in Madagascar. Operating rates at the project have recently risen to 60–70% (on the basis of nickel production volume). In fiscal 2014 we will focus all our efforts on completing the project by March 2015.

05 Shareholder Returns

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

Our basic policy is to improve shareholder returns by balancing increases in corporate value with improvements to dividend payments.

The Sumitomo Group has access to numerous investment opportunities worldwide. In order to realize our vision for "What We Aim to Be," we will steadily implement our plan for new investment and loans in BBBO2014 to drive profit growth over the longer term with the aim of increasing dividends per share.

Based on our targets in BBBO2014, we are targeting a consolidated dividend payout ratio of 25%, taking into account relevant factors such as the economic environment and our investment plans. We therefore expect to pay dividends per share of ¥50 in fiscal 2014 if consolidated net income reaches the planned level of ¥250.0 billion.

06

Corporate Social Responsibility (CSR)

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

P54 ‹‹
(Please refer to page 54 for details on Sumitomo's Business Philosophy/ Sumitomo Corporation Group's Corporate Mission Statement)

One of the credos of Sumitomo's Business Philosophy, passed down for 400 years, says: "Benefit for self and others, private and public interests are one and the same." This means that Sumitomo's business activities must benefit not only Sumitomo's own business, but also society and the nation. The idea behind this credo represents the essence of corporate social responsibility (CSR), and has been carried on in Sumitomo Corporation Group's Corporate Mission Statement, which includes "We aim to constantly stay a step ahead in dealing with change, create new value, and contribute 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. That is, our CSR activities are planned and implemented as business strategies after considering what we should do and how we should do it as a corporation to help solve social issues through our business activities.

P70 ‹‹
(Please refer to page 70 for details on Towards a Better, Sustainable Society (CSR))

The Sumitomo Corporation Group, with its presence in a large range of industries in countries and regions around the world, is working to obtain an accurate understanding of social issues and identify new needs through dialogue with stakeholders. Using this information, we can offer proposals to resolve those issues by bringing together our unique strengths and capabilities. In other words, we have the power to create value nobody else can match by playing a useful role in society. By leveraging that power to the full extent, we can help lift the living standards of people in the countries and regions where we do business and contribute to economic, industrial and social development, while also boosting earnings and expanding our business activities based on relationships of mutual trust. This is the positive business cycle I want to create.

In March 2009, the Sumitomo Corporation Group signed the UN Global Compact and declared its support for the 10 principles on human rights, labor standards, environment, and anti-corruption. Each employee of the Group will continue to respect these 10 principles, which share the same values as our Corporate Mission Statement, and adhere to our spirit and a strong sense of ethics, to be recognized by society as meeting and exceeding the high expectations directed toward us.

07

Development of Human Resources for the Sumitomo Corporation Group to Grow

"Human resources are an important corporate resource that we must develop to underpin our growth."

P66 ‹‹
(Please refer to page 66 for details on Human Resource Management)

Human resources are one of the most important corporate resources for integrated trading companies. We recognize that we have to nurture our workforce to support the Group's sustained growth.

We see a growing number of business opportunities in emerging countries in Asia and

Africa. To develop our business in those countries, we need talented human resources who can communicate with local people from their perspective, regardless of race, gender, age or nationality, in order to identify needs specific to those countries and regions. This information will help our Company build new business models tailored to each market.

At the same time, it is vital that we cultivate human resources that understand Sumitomo's Business Philosophy and are fully committed to supporting the development of local communities and raising living standards through our business activities. Those are the type of human resources we will focus on nurturing.

08 A Company Able to Grow over the Next 50 and 100 years

"Sumitomo's Business Philosophy is a key strength we must pass down, stick to and practice to ensure stable and continuous growth."

Sumitomo's Business Philosophy provides a good reference point for the management approach we need to follow if we want to deliver stable and continuous growth over the next 50 or 100 years.

The Sumitomo group has been in existence for 400 years. Throughout that time, members of the group have inherited the principles of Sumitomo's Business Philosophy, firmly committed to them and put them into practice in their business activities. This has helped Sumitomo remain relevant to society for so long.

I believe those principles are one of the Sumitomo Corporation Group's key strengths.

Every one of our employees puts Sumitomo's Business Philosophy and Sumitomo Corporation Group's Corporate Mission Statement into practice, working with enthusiasm, hunger and persistence to realize our vision for "What We Aim to Be." This commitment will underpin the Group's stable and continuous growth into the future.

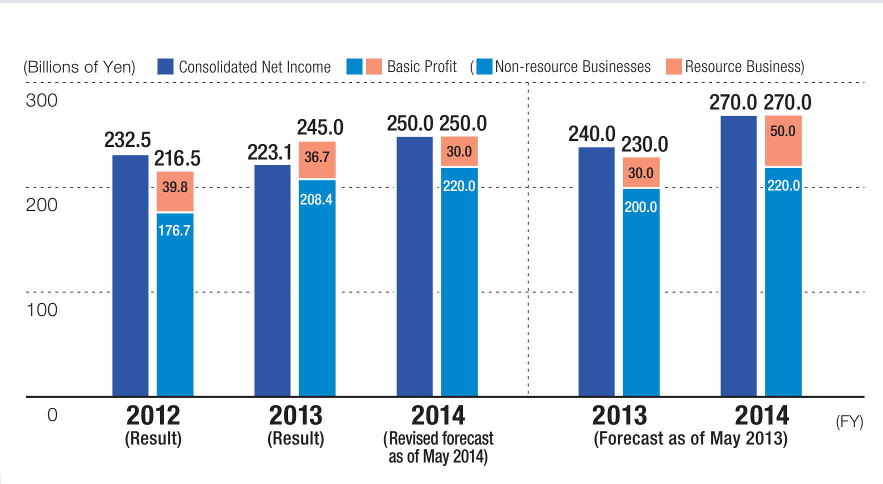
In the near term, it will be extremely important to implement the initiatives under BBBO2014.

In fiscal 2014, the final year of BBBO2014, we will step up efforts to thoroughly enhance our earning power, with the whole Group working together to build a solid earnings base that helps us realize our vision for "What We Aim to Be."

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

Progress in BBBO2014

Consolidated Net Income and Basic Profit

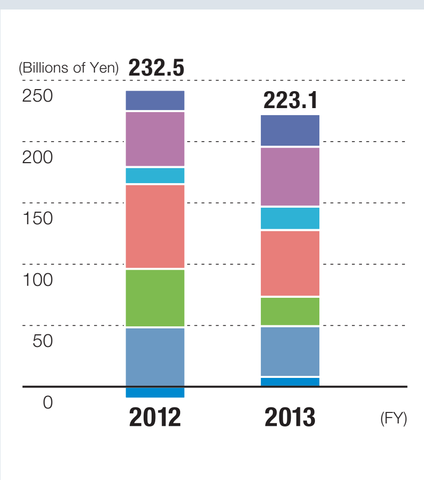


[Consolidated Net Income]
Consolidated net income in fiscal 2013 was ¥223.1 billion, lower than an initially forecast ¥240.0 billion.

This was mainly due to a ¥27.7 billion impairment loss posted on a coal mining project in Australia. As resource prices are expected to remain lackluster, the forecast for consolidated net income in fiscal 2014 was revised to ¥250.0 billion, from ¥270.0 billion initially.

[Basic Profit]
Basic profit increased by ¥28.6 billion to ¥245.0 billion in fiscal 2013. In particular, basic profit on non-resource businesses reached ¥208.4 billion as a result of steady growth of the earnings pillars.

Consolidated Net Income by Segment



	2012	2013	Overview of Fiscal 2013 Results (Billions of Yen)
Metal Products	17.3	26.6	• Stable performance of tubular products business in North America and steel service center operations
Transportation & Construction Systems	45.6	48.8	• Earnings contribution from aircraft leasing business • Steady performance of automobile retail financing operations in Asia and Japan
Environment & Infrastructure	14.0	19.1	• Stable performance of overseas power infrastructure businesses, such as the Tanjung Jati B Coal-Fired Power Plant (TJB) • Value realization from asset sales
Media, Network, Lifestyle Related Goods & Services	69.1	54.4	• Stable performance of major group companies, such as J:COM, and of the real estate business • Partial divestiture of shares in Jupiter Shop Channel Co., Ltd. in fiscal 2012
Mineral Resources, Energy, Chemical & Electronics	47.7	24.0	• Profit increase in the iron ore mining business • Impairment loss on a coal mining project in Australia
Overseas Subsidiaries and Branches	48.5	41.4	• Profit decrease in the U.S. tire distribution and auto aftermarket retail operation • Impairment loss on a coal mining project in Australia
Corporate and Eliminations	–9.7	8.7	

Investment & Loan and Asset Divestiture & Reduction

Investment & Loan and Asset Divestiture & Reduction Plan and Results

(Billions of Yen)	Plan under BBBO2014 (Two years)	Fiscal 2013 Results
Investment & Loan	750.0	290.0
Asset Divestiture & Reduction	–770.0	–250.0

Investment & Loan by Segment

(Billions of Yen)	Investment & Loan Plan (Two years)	Fiscal 2013 Results
Metal Products	80.0	58.0
Transportation & Construction Systems	160.0	20.0
Environment & Infrastructure	90.0	33.0
Media, Network, Lifestyle Related Goods & Services	130.0	56.0
Mineral Resources, Energy, Chemical & Electronics	190.0	115.0
Strategic Industrial/Regional Focus	100.0	—
Total	750.0	290.0

*The amounts include domestic and overseas segments.
*Investments of strategic industrial/regional focus are scheduled for allocation to each segment.

Major Initiatives in Fiscal 2013

Enhance Earnings Pillars (Including Primary Fields)

Metal Products	**Deepen and enhance the tubular products value chain** • Acquisition of Edgen Group Inc.
Transportation & Construction Systems	**Expand the earnings base of the automotive business** • Launch of the vehicle assembly operation with Mazda in Mexico • Expansion of production capacity at KIRIU factories in Mexico and Thailand **Enhance and expand aircraft-related leasing businesses** • Increase in aircraft lease assets • Participation in the engine leasing business
Environment & Infrastructure	**Enhance and expand the overseas power infrastructure business and overseas renewable energy power generation business** • Participation in the Az-Zour North Independent Water and Power Producer (IWPP) project in Kuwait • Participation in offshore wind farm projects off the coast of Belgium
Media, Network, Lifestyle Related Goods & Services	**Expand the CATV business earnings base** • Establishment of dominant market share by integrating J:COM and JCN **Strengthen the domestic real estate business earnings base** • Participate in real estate developments such as the urban mixed-use development Ginza 6-chome District project

Improve Value of Existing Investments

Nickel project in Madagascar (Ambatovy)	**Achieve steady production ramp-up** • Start of commercial production in January 2014 • Steady production ramp-up toward financial completion in January-March 2015

Develop Future Earnings Pillars (Including Areas of Strategic Industrial/Regional Focus)

Metal Products	**Enhance the value chain of aluminum from upstream (smelting) to midstream (distribution)** • Participation in expansion of an aluminum smelting operation in Malaysia **Expand the earnings base of the motor core manufacturing and sales business in Germany** • Implementation of a growth strategy of one of the largest motor core manufacturing and sales companies in Europe we acquired in fiscal 2012 with the aim of becoming the best in the world
Media, Network, Lifestyle Related Goods & Services	**Launch real estate funds focused on logistics facilities** **Enhance and expand the overseas real estate business** • Participation in the logistics property business where demand is expected to increase • Acquisition of office buildings and other properties in the U.S.
Unconventional Energy-related Fields	**Enter comprehensive alliance agreement with U.S. gas research institute Gas Technology Institute (GTI)** • Pursuit of business opportunities for the Group by assisting the advancement of Japanese companies in shale-related industries
Retail Business in Asia	**Expand the TV shopping business overseas** • Broadcast launch of TV shopping business (Jupiter Shop Channel) in Thailand
Food Business	**Expand the earnings base of the sugar business** • Investment in a major sugar production and sales company in Thailand with the aim of expanding business in Southeast Asia
Myanmar	**Pursue business opportunities with a strategic regional focus** • Participation in a large industrial park development project in the Thilawa Special Economic Zone • Intake of order to develop communications infrastructure • Establishment of Hino Motors service stations

Shift Corporate and Human Resources

Reduce assets through strategic alliance

Partial divestiture of water supply & distribution business in the U.K.

- Sale of a 50% equity stake to Osaka Gas Co., Ltd.
- Further reinforcement of the business base by integrating the customer service, operation and management expertise of Osaka Gas developed in the public utility business with our knowledge and experience in water and sewage treatment business.

Reduce and divest businesses with little potential for profit or growth

Replacement of domestic real estate

- Sale of office buildings and retail facilities to promote asset replacement with highly profitable assets

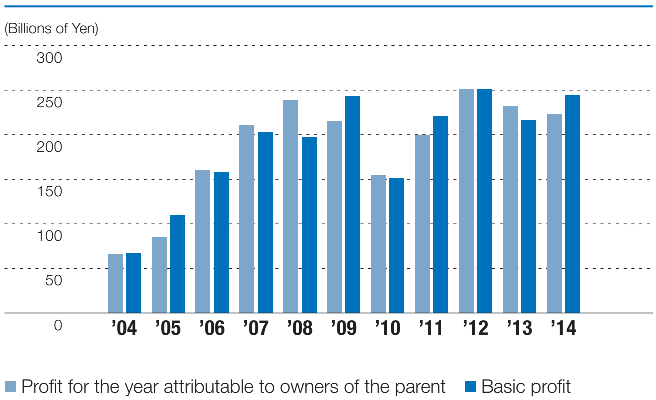
Financial Highlights

For the years ended March 31

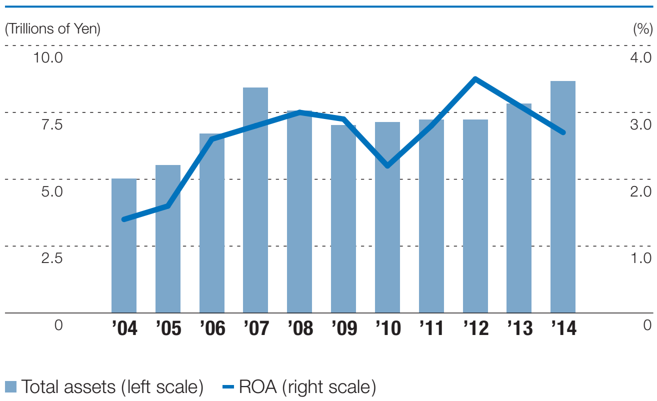
We have prepared consolidated financial statements in accordance with U.S. GAAP for 2010 or earlier and International Financial Reporting Standards ("IFRSs") for 2011 or later.

	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)*1	2,377.6	2,376.0	2,622.2	2,913.3
Cash flows*2:				
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 from (used in) 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*3	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*4, 5	¥9,197.9	¥9,898.6	¥10,336.3	¥10,528.3
Basic profit*6	66.8	110.0	158.3	202.9

Profit and basic profit



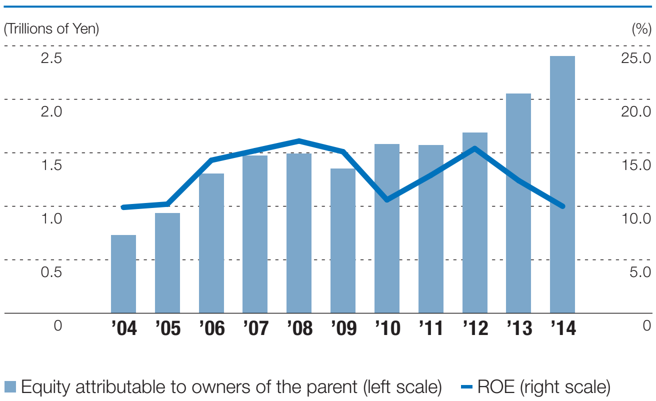
Total assets and ROA



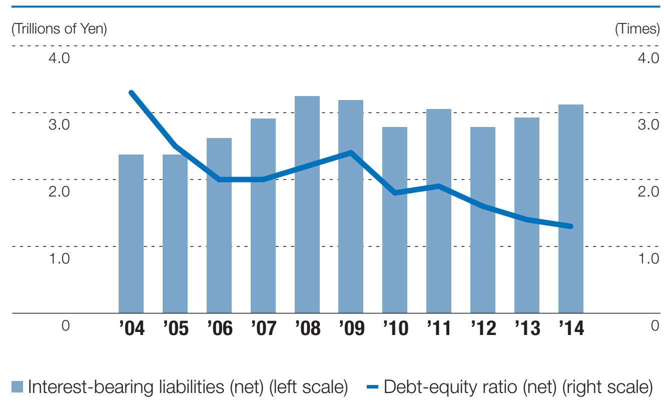
* Under U.S. GAAP, "Share of profit of investments accounted for using the equity method" corresponds to "Equity in earnings of associated companies, net," "Profit for the year attributable to owners of the parent" corresponds to "Net income attributable to Sumitomo Corporation," "Equity attributable 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 Interest-bearing liabilities (net) excludes cash and cash equivalents and time deposits from interest-bearing liabilities.
*2 Except for 2004, the prior year amounts of cash flow are reclassified to conform to ASC 810 "Consolidation."
*3 Cash dividends per share represents the cash dividends declared applicable to each respective year, including dividends paid after the year-end.
*4 Total trading transactions is presented in a manner customarily used in Japan solely for Japanese investors' purposes.
*5 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.
*6 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 and 2014.>

GG Plan		FOCUS' 10		*f*(x)		BBB02014
2008	2009	2010	2011	2012	2013	**2014**
						Billions of Yen
¥ 934.5	¥ 935.2	¥ 779.5	¥ 864.0	¥ 918.8	¥ 827.0	**¥ 894.4**
(27.6)	(21.5)	(12.8)	(8.1)	(3.9)	(2.3)	**(2.6)**
(42.8)	(36.1)	(24.1)	(18.1)	(15.1)	(15.8)	**(17.4)**
15.3	14.6	11.3	10.0	11.2	13.4	**14.9**
56.9	90.0	76.1	95.6	110.6	107.4	**126.2**
238.9	215.1	155.2	200.2	250.7	232.5	**223.1**
7,571.4	7,018.2	7,137.8	7,230.5	7,226.8	7,832.8	**8,668.7**
1,492.7	1,353.1	1,583.7	1,570.5	1,689.1	2,052.8	**2,404.7**
3,247.6	3,186.8	2,781.8	3,056.3	2,786.7	2,930.3	**3,123.5**
323.7	348.8	510.4	219.5	190.4	280.3	**278.2**
(298.0)	(261.5)	(59.4)	(469.4)	(35.7)	(186.2)	**(249.9)**
25.6	87.3	451.0	(249.9)	154.7	94.1	**28.4**
7.9	(5.8)	(150.1)	155.9	(33.3)	(24.7)	**145.9**
						Yen
¥ 192.51	¥ 172.06	¥ 124.15	¥ 160.17	¥ 200.52	¥ 185.92	**¥ 178.59**
192.47	172.03	124.12	160.09	200.39	185.79	**178.46**
1,194.20	1,082.47	1,266.93	1,256.31	1,351.10	1,641.60	**1,927.37**
38.00	34.00	24.00	36.00	50.00	46.00	**47.00**
						%, Times
19.7	19.3	22.2	21.7	23.4	26.2	**27.7**
16.1	15.1	10.6	12.9	15.4	12.4	**10.0**
3.0	2.9	2.2	2.8	3.5	3.1	**2.7**
2.2	2.4	1.8	1.9	1.6	1.4	**1.3**
						Billions of Yen
¥11,484.6	¥10,750.0	¥ 7,767.2	¥ 8,349.4	¥ 8,273.0	¥ 7,502.7	**¥ 8,146.2**
197.1	243.0	151.4	220.5	251.5	216.5	**245.0**

Equity attributable to owners of the parent and ROE



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



Management Base that Supports Earning Power

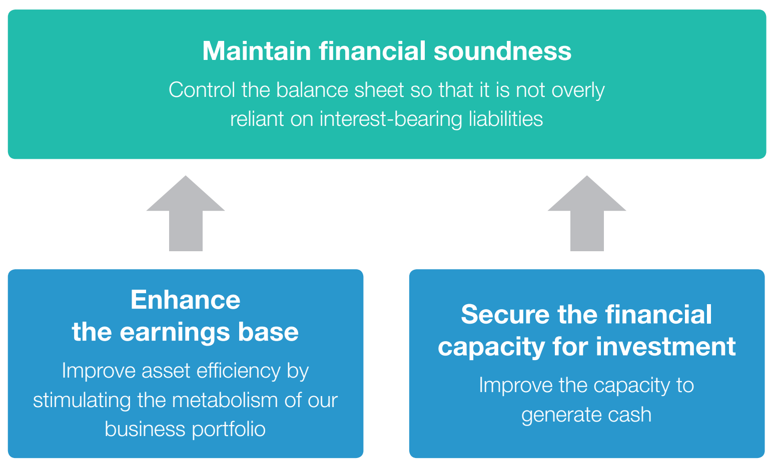
Maintain Financial Soundness and Strengthen Management Abilities on Business Investment

We have long adopted the basic policies of maintaining and strengthening a diversified business portfolio, and keeping a balance between risk-adjusted assets and the risk buffer. As we head toward fiscal 2019, we envision an even higher level of profit growth. BBBO2014 is guiding our efforts to reach this goal by thoroughly enhancing our earning power. As a measure to strengthen the management base that supports our earning power, we are working to maintain financial soundness and strengthen management abilities on business investment.

Maintain Financial Soundness

In recent years, a tumultuous financial environment has become the rule rather than the exception, as evidenced by the financial crisis precipitated by the Lehman Brothers bankruptcy, the European debt crisis and other events. Consequently, financial institutions are facing an increasingly strict regulatory environment. In this financial landscape, it is imperative that we control our balance sheet so that it is not overly reliant on interest-bearing liabilities.

Two measures will be vital to maintaining a sound financial structure that does not depend too much on interest-bearing liabilities, and achieving an even higher level of profit growth. First, we must enhance our earnings base by improving asset efficiency. Second, we must secure the financial capacity for investment by improving our capacity to generate cash.



1. Enhance the Earnings Base (Stimulate the Metabolism of our Business Portfolio)

Under BBBO2014, we are working to stimulate the metabolism of our business portfolio from a medium-to-long term perspective in order to thoroughly enhance our earning power. This will entail making effective use of limited corporate resources in conjunction with adding ROA to our quantitative targets.

We will continue to replace assets in our portfolio by shifting from businesses that show little potential for profit or growth to businesses which we have strengths in and that are to remain our earnings pillars in the future, and businesses that have prospects for growth over the medium to long term and that are to be fostered and developed as our new earnings pillars in the future. At the same time, we will steadily raise the value of the projects we have invested in.

In certain cases, we may expect to drive higher growth by harnessing the knowledge and expertise of other companies, rather than conducting businesses independently. Here, we will expand our business by forming alliances with strategic partners, while properly managing the balance sheet. In fiscal 2013, we joined forces with Osaka Gas Co., Ltd. by selling half of our shares in a wholly owned U.K. water supply company to this new partner. Through its public utility business, Osaka Gas has developed expertise in areas such as customer service, and operation and maintenance. By integrating this expertise with our experience in the water and sewage treatment business, we are striving to further enhance our business base.

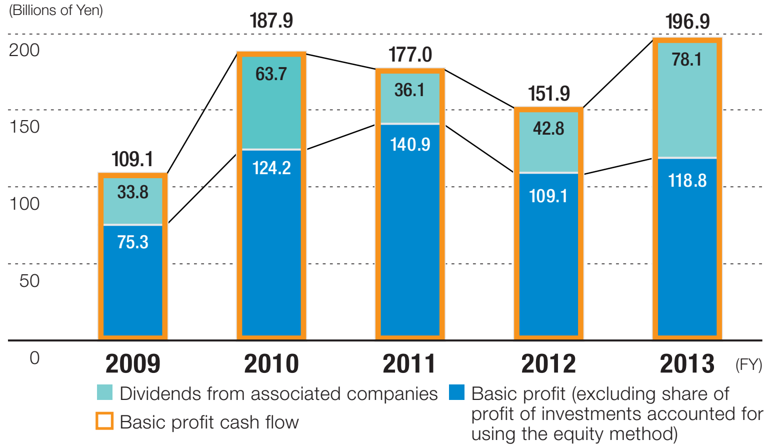
2. Secure the Financial Capacity for Investment

Under BBBO2014, we have begun monitoring basic profit cash flow* in order to improve our capacity to generate cash. Through this process, we are pushing ahead with recovering earnings through cash. We will also continue working to collect cash by realizing the value of certain assets, and by divesting businesses with low profitability or low prospects for growth. In the process, we will secure the financial capacity for investment as we continue to invest in growth.

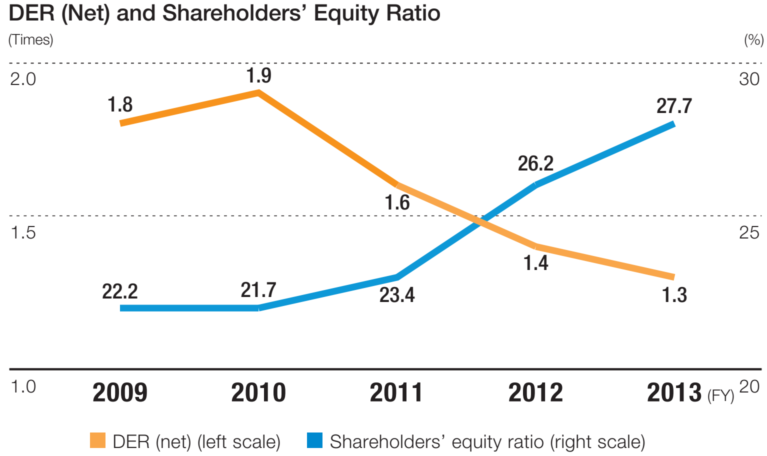
* Basic profit cash flow = Basic profit – Share of profit of investments accounted for using the equity method + Dividends from associated companies

As a result of such endeavors to maintain financial soundness by enhancing our earnings base and securing the financial capacity for investment, our net debt-equity ratio (DER) was reduced to 1.3 and the shareholders' equity ratio stood at 27.7% as of March 31, 2014.

Basic Profit Cash Flow



DER (Net) and Shareholders' Equity Ratio



Strengthen Management Abilities on Business Investment

We have made business investments in many different fields. Our investments include those that require substantial sums of investment and those that are exposed to a relatively high degree of risk, notably investments in the manufacturing sector and resource and energy interests. Strengthening our business investment management abilities is a crucial priority for ensuring that we raise the value of these investments and have them contribute to earnings.

Under BBBO2014, we have reinforced our system to ensure that Business Units and Corporate Group collaborate and follow up on large business investments, in addition to implementing pre-existing investment risk management* approaches. We form project teams for each project and have a system in place to provide integrated support ranging from the stages of studying the feasibility of

›› P63
*Please refer to page 63 for details on Risk Management

Pre-existing Measures

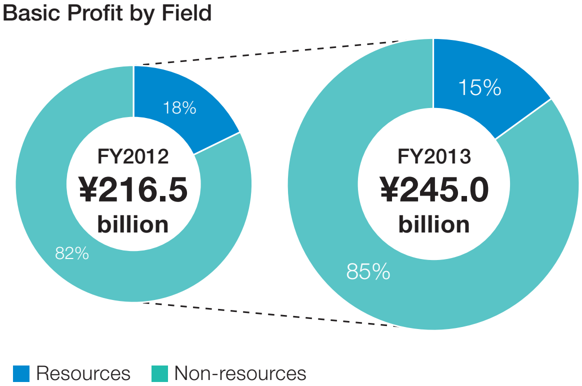
Maintain and Strengthen a Diversified Business Portfolio

Assets that are concentrated in a specific field or region are exposed to the risk of tremendous loss that could be incurred due to changes in the business environment or the materialization of country risk in the host country of an investment project.

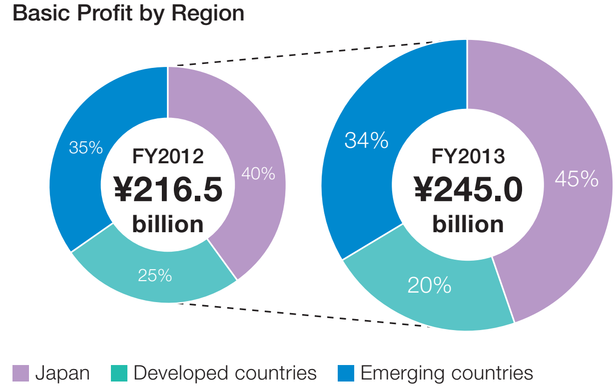
While working to efficiently allocate limited corporate resources, we believe that avoiding any over-concentration of business portfolio assets is crucial to ensuring the stability of our business. Guided by this belief, we have been working to build a diversified portfolio in the course of expanding businesses in many different fields and regions. In terms of business fields, we have been bolstering non-resources fields in a well-balanced manner without overly relying on profits from resource fields, and by region, we have been maintaining balanced earnings streams from Japan, developed countries and emerging countries, thereby building a diverse earnings structure.

Under BBBO2014, there has been no change to this policy. We will continue to maintain a diversified business portfolio as we strive to expand our earnings base.

Basic Profit by Field



Basic Profit by Region



potential investments to launching businesses after investments have been executed. We also have a system in place where the Loan and Investment Committee takes the lead in intensively monitoring and exploring the necessary countermeasures with respect to projects that need to be addressed in some way or another, due to changes in the operating environment and other factors.

Considering our experience with business investments in the past, we are also systematically organizing a range of issues and solutions across the entire process related to business investment, in an effort to enhance the quality of the overall business investment process and enhance investment performance throughout the Company.

Keep a Balance between Risk-adjusted Assets and the Risk Buffer

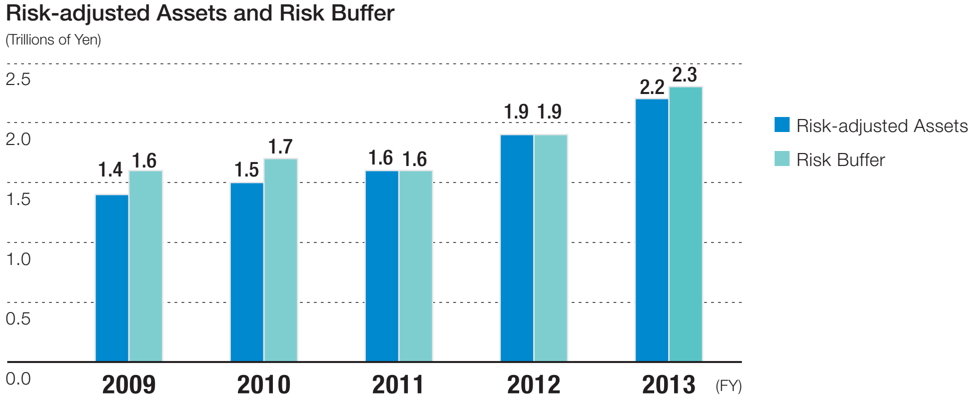
We introduced risk-adjusted return management* as a fundamental principle of management in 1998. Guided by this principle, we strive to keep a balance between risk-adjusted assets which are our maximum possible loss and the risk buffer which is our shareholders' equity. This principle means that even if all potential risks were to actually occur at once, shareholders' equity would be able to absorb the losses and keep the Company in business.

Our risk-adjusted assets have been on an upward trend, reflecting the increasing innovation of our business models, as exemplified by our participation in resource and energy development projects and the manufacturing sector. We have been properly controlling the level of risk-adjusted assets along with increasing our risk buffer by accumulating profit for the year. As a result, we have kept a balance between risk-adjusted assets and our risk buffer.

›› P65

*Please refer to page 65 for details on Risk-adjusted Return Management

Risk-adjusted Assets and Risk Buffer



Feature: Thorough Enhancement of Our Earning Power

Expansion in Scope of the Automotive to Enhance an Earnings Pillar

The Sumitomo Corporation Group is working to thoroughly enhance earning power through its current medium-term management plan, “Be the Best, Be the One 2014.” In this section, we highlight the steps we are taking to drive growth in the automotive business, one of the Group’s earnings pillars.

01 Forecast Expansion in the Global Automotive Industry

A Continuously Growing Global Automobile Market

The global automobile market is projected to continue expanding.

In emerging countries centered on Asia, demand is set to rise sharply on the back of population growth and rising incomes, while demand in advanced countries is likely to remain stable, supported mainly by replacement demand.

Global vehicle sales are projected to rise from around 85 million vehicles in 2013 to roughly 140 million in 2030, driven by growing demand in emerging countries. At the same time, the center of the automobile market is poised to shift from advanced countries to emerging countries, which will account for an estimated 70% of global sales.

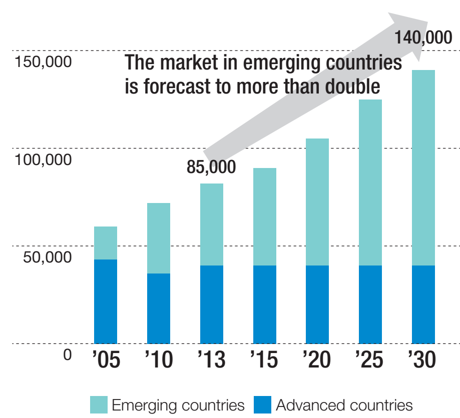
Optimized Local Manufacturing in the Automotive Industry

As transport in emerging countries shifts to the automobile, consumers in those markets will mainly want low-priced models that also have generous equipment levels. That means automakers will need to reduce costs and boost efficiency even further to generate profits, not just increase output to satisfy growing demand.

Japanese automakers in particular need to make improvements to their operating structures, which are overly dependent on domestic production, making them vulnerable to fluctuations in exchange rates. Some companies have already made progress with building an optimum manufacturing framework by shifting production to low-cost locations close to consumer markets.

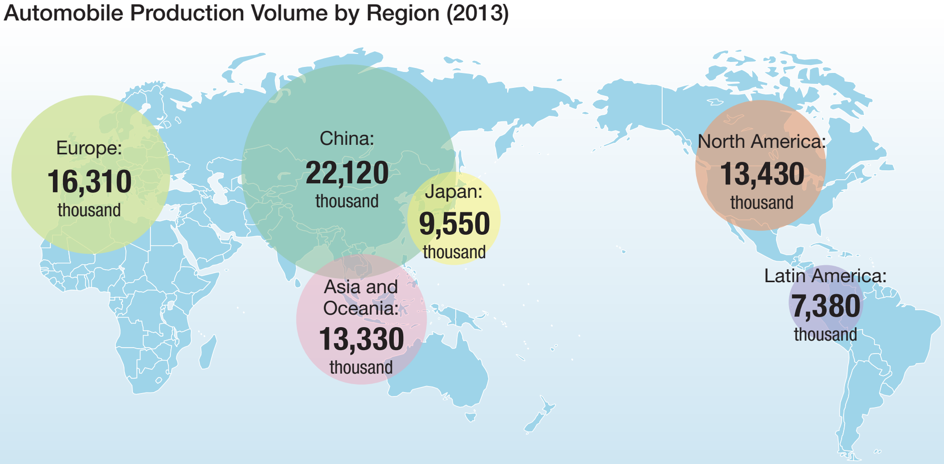
Global Vehicle Sales Trend and Forecast

(Thousand units)



Source: Data from various statistics compiled by SC-ABeam Automotive Consulting. Data from 2015 onward are forecasts.

Automobile Production Volume by Region (2013)



Automakers are increasingly choosing Thailand that has growing clusters of auto parts makers as a base to supply other markets in Asia; and Mexico and other countries that have free trade agreements (FTA) and economic partnership agreements (EPA) with a large number of partner nations and offer significant benefits for automakers exporting to the U.S. and Europe.

02 Track Record of Growth to Sumitomo Corporation's Automotive Business

Business Model Evolution

Sumitomo Corporation's automotive business has been operating for around 60 years, starting out in the 1950s as an exporter of buses to Myanmar. Through its vehicle trading operations, which were the starting point for the business, the automotive business has had access to market information in Japan and overseas and been able to identify automaker needs early on. As a result, we have been able to respond to changes in the business environment while operating a wide range of businesses in the automotive sector, from upstream areas (manufacturing businesses) through to downstream areas (automotive leasing and retail financing businesses).

In upstream areas, our role in trading automotive manufacturing equipment and materials and automotive components, including with European, U.S. and other automakers, opened up more business opportunities in areas related to vehicle manufacturing when Japanese automakers began actively shifting production overseas from the 1980s. This led to our direct involvement in manufacturing operations in support of automakers' manufacturing activities. Today, our automotive business stands out for its extensive involvement in manufacturing, operating numerous sites around the world from parts manufacturing right through to vehicle assembly.

In midstream areas, we moved into the vehicle distribution market through the establishment of a joint-venture sales company in the U.S. with an automaker in the 1970s, aiming to provide support to Japanese automakers that wanted to develop overseas markets. These vehicle distribution operations, which include vehicle trading, remain an important earnings pillar of the automotive business.

In downstream areas, we have built a presence in auto sales financing as part of efforts to build closer links with consumers in our retail operations. These financing operations are focused on Thailand, Indonesia and other markets in Asia where Japanese automakers have a strong position. These operations, together with our domestic auto leasing business, launched in 1980 have become a significant earnings pillar.

Business Model Transformation and Three Key Areas of the Automotive Business

03 Expanding the Three Key Areas in Scope

Responding to changes in the operating environment, we have expanded our capabilities in a wide range of areas across the automotive industry. Going forward, we plan to channel corporate resources into promising growth businesses in three key areas—manufacturing, sales and distribution, and leasing and retail financing—in order to further expand and develop the automotive business.

Feature: Thorough Enhancement of Our Earning Power

Expansion in Scope of the Automotive Business to Enhance an Earnings Pillar

Major Initiatives and Achievements of the Three Key Business Areas under BBBO2014

1) Manufacturing Business Area

Reinforcing overseas manufacturing operations, focusing on emerging countries, amid growing demand for cars

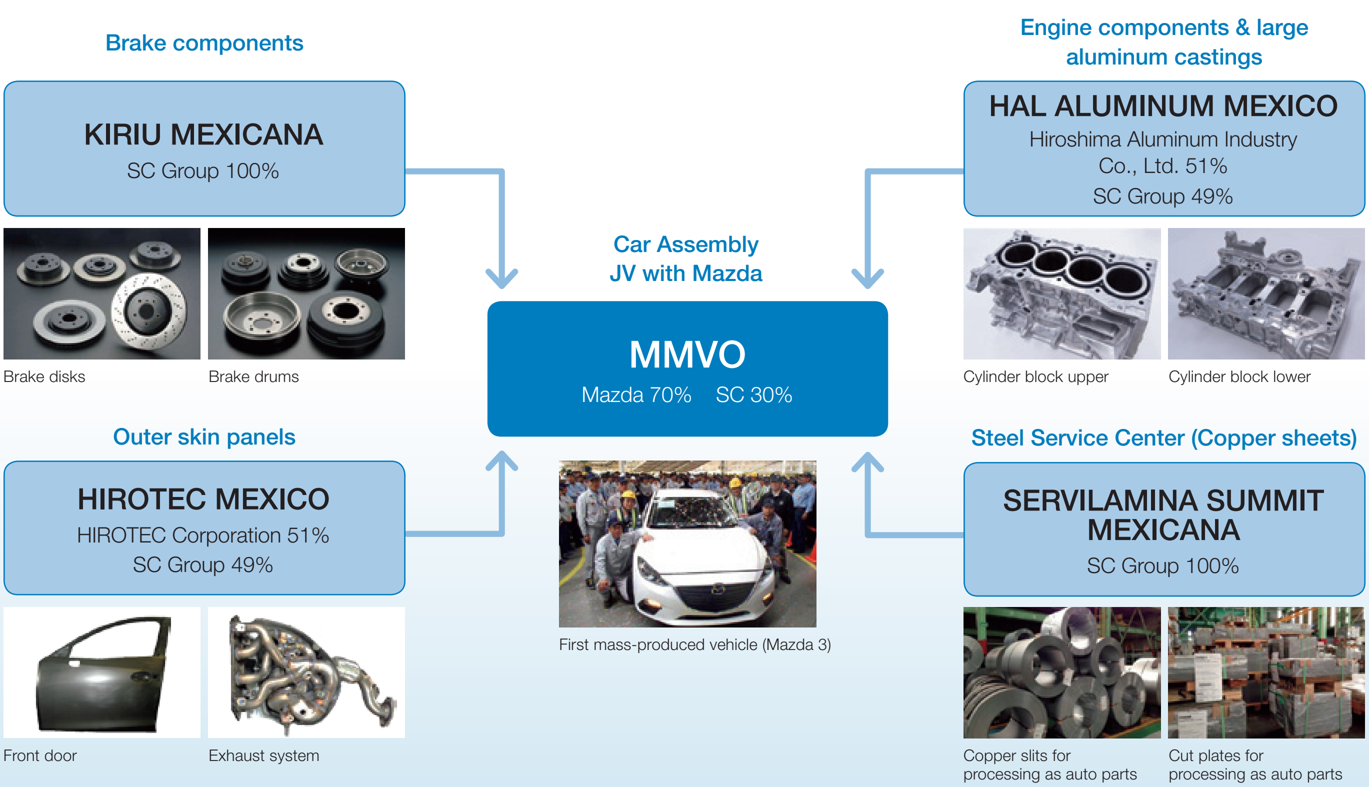
As automakers shifted production overseas, we have expanded production capacity at KIRIU Corporation, a specialist brake disc and drum maker that is an earnings pillar in our manufacturing operations. In response to growing demand in Asia, we boosted output in India in 2012 and in Thailand in 2013. Also, as part of ongoing efforts to expand our operations overseas, we plan to install extra capacity at the company's site in Mexico in 2014 amid strong demand from North America.

We are taking other steps to strengthen our manufacturing framework in Mexico, including a decision in 2014 to invest in the local operations of Hiroshima Aluminum Industry Co., Ltd., which has a strong presence in large casted aluminum components such as engine parts.

In vehicle manufacturing, Mazda de Mexico Vehicle Operation (MMVO), our local joint venture with Mazda, began full-scale operations in January 2014 with start of mass production of assembled automobiles for shipment to North America. Looking ahead, we plan to increase exports to Latin America and Europe and expand the range of vehicle models that we can assemble, including Toyota's compact models.

In Mexico, we are generating synergies across our automotive-related operations, with MMVO sourcing components from a number of our local affiliates as part of its vehicle manufacturing process. KIRIU Corporation and Hiroshima Aluminum Industry Co., Ltd. both supply MMVO with parts made at their Mexico sites, while HIROTEC MEXICO S.A. de C.V., a joint venture with HIROTEC Corporation, supplies vehicle body panels and exhaust systems. MMVO also uses steel materials supplied by our steel service center.

Synergies Pursued Manufacturing Automobiles in Mexico



2) Sales and Distribution Business Area

Business expansion targeting growth markets such as Africa and the Middle East

In many emerging markets, vehicle sales and distribution operations are challenging due to unstable political situations and vulnerable economic conditions such as fluctuations in exchange rates and other factors. We have a presence in countries such as Turkey, the Ukraine and Nigeria, giving us extensive experience in managing country-specific business risks in overseas markets. Leveraging the knowledge, expertise and risk management capabilities we have built up through a long association with those countries, we will work to expand our vehicle sales and distribution business in emerging countries with growth potential. In 2013, we established service stations in Iraq and Myanmar to provide vehicle maintenance and repair services as part of efforts to strengthen servicing operations in tandem with vehicle sales.


Human resource training program in Libya

Our involvement in these markets is not just about business. We also seek to contribute to their societies. Libya is one example of our approach. Since starting vehicle distribution there in 2010, we have run a human resource training program for young Libyans at our repair facilities. We will do our part to build a new Libya by offering much more than human resource training to young Libyans, who are key to the country’s future.

3) Leasing and Retail Finance Business Area

Expanding the earnings base by developing the auto leasing business overseas and diversifying the retail financing business

In the auto leasing business Sumitomo Mitsui Auto Service Co., Ltd. owns and manages a fleet of around 570,000 vehicles, making it one of the leading companies in the auto leasing sector. Faced with a mature domestic market, the company is working to strengthen its earnings base by expanding operations overseas. This company moved into the Thai market in 2003, followed by Australia in 2013. To meet auto leasing needs worldwide, we plan to extend our reach into the Asia–Pacific region and other promising overseas markets with growth potential.

Billboard advertising and call center of OTO and SOF

In Indonesia, P.T. Oto Multiartha (OTO) and P.T. Summit Oto Finance (SOF) provide loans for cars and motorcycles, respectively, driving growth in our automotive retail financing business. Both companies have branches across Indonesia, and their extensive networks and funding abilities are supporting growth in the number of loan contracts. Automotive retail financing operations in Indonesia are now a major earnings pillar for the automotive business. Sumitomo Corporation has been involved in automotive retail financing in Indonesia since 1996, before the 1997 Asian financial crisis. The country later faced several other economic crises, but we continued to provide reliable services despite the turmoil, helping us to build strong relationships with car dealers. This remains a key strength of our business in Indonesia today. We aim to continue expanding the business by providing loans and improving services that meet the needs of consumers in the fast-growing Indonesian market.

04 *In Closing*

We forecast continued growth in the automotive industry, supported by firm demand in advanced countries and growth in new demand in emerging countries.

Supported by our detailed knowledge of the business and the trust we have gained from customers, built up over the last 60 or so years, we will work to deliver further growth in order to become one of the leading earnings pillars of the Sumitomo Corporation Group in realizing our desired image of “What We Aim to Be” in 2019.

Section 2

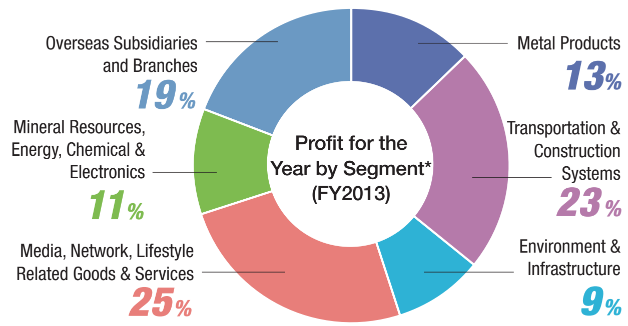
Overview of Operations

At a Glance

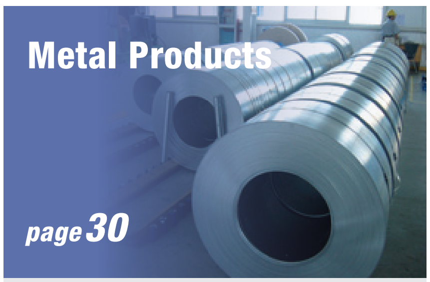
Profit for the year
(attributable to owners of the parent)

FY2012 ¥232.5 bn.

FY2013 ¥223.1 bn.



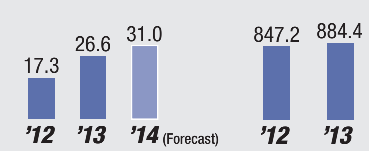
Metal Products



page 30

Profit for the Year

FY2012 ¥17.3 bn. → FY2013 ¥26.6 bn.



Business Unit Overview

The global and extensive value chain we are developing as a business unit encompasses various metal products, including steel products such as steel sheets, tubular products, and non-ferrous metal products such as aluminum.

In the steel sheet-related field, we deliver 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 function as a total service provider by making our proprietary supply chain management (SCM) system available to oil and gas companies.

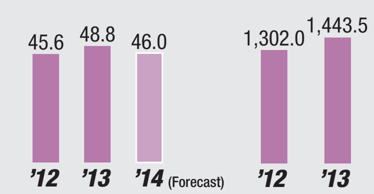
In addition, in the non-ferrous products & metals field, our priority is to expand our production and sales locations for aluminum ingot and aluminum sheets.

Transportation & Construction Systems

page 34

Profit for the Year

FY2012 ¥45.6 bn. → FY2013 ¥48.8 bn.



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 transportation systems field, we run a leasing business focused on aircraft. We are also the only shipyard shareholder among Japanese trading companies, and operate ships that we own and jointly own, as well. In the automotive field, we are expanding and enhancing the major functions served by our value chain in areas such as manufacturing, sales and distribution, and lease and financing.

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 expanding our comprehensive mining equipment services and rental operations.

Environment & Infrastructure

page 38

Profit for the Year

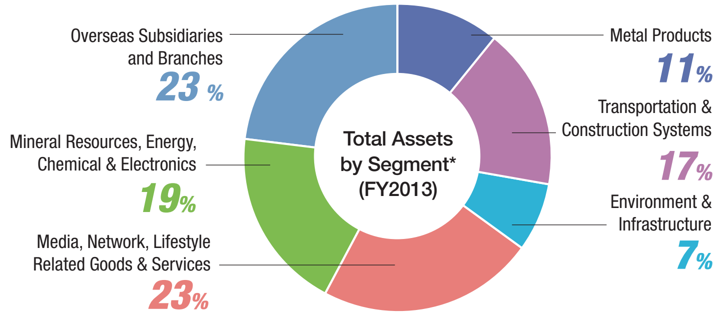
FY2012 ¥14.0 bn. → FY2013 ¥19.1 bn.

Business Unit Overview

In the global power infrastructure field, we are initiating new businesses involving rechargeable batteries in addition to the I(W)PP*1 and power plant EPC*2 businesses we operate globally on a large scale.

In the environment & infrastructure project field, we are concentrating around the world on a renewable energy business focused on wind and solar power generation, electricity retail in Japan and water infrastructure businesses.

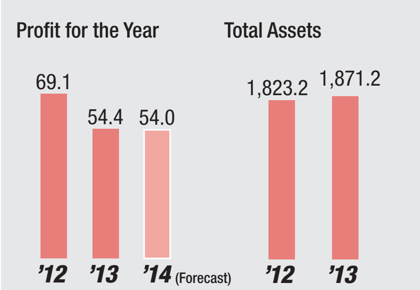
In the logistics & insurance fields, apart from our logistics services encompassing shipping, customs clearance and delivery, we arrange various insurance contracts and also develop and operate overseas industrial parks.



(Billions of yen)

Profit for the Year

FY2012 ¥69.1bn. → FY2013 ¥54.4bn.



Business Unit Overview

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

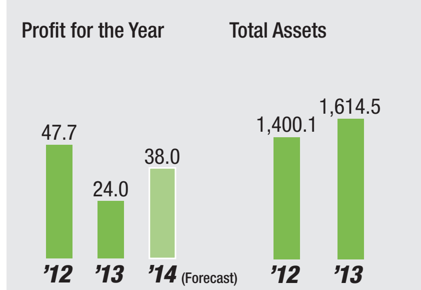
In the media, IT and retail fields, our main businesses are Cable TV, IT solutions, comprehensive mobile services, TV shopping, and retail operations such as supermarkets.

In the lifestyle-related field, our businesses extend broadly in scope from food production to retail, with a portfolio of top-class operating companies in tires, ready-mixed concrete, lumber and building materials.

In the construction & real estate field, our main business pursuits are office buildings, retail facilities, and housing development and sales.

Profit for the Year

FY2012 ¥47.7bn. → FY2013 ¥24.0bn.



Business Unit Overview

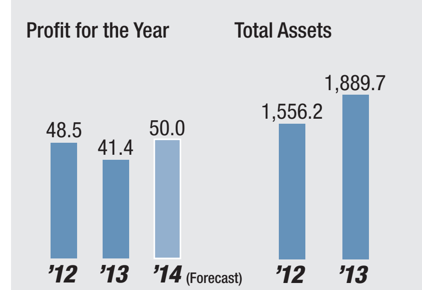
We are active in the fields of mineral resources & energy, and chemicals & electronics.

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, and are globally developing a trading business centered on carbon products, ferrous raw materials, petroleum and gas.

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*3 operations. We are also involved in pharmaceuticals and cosmetics, crop protection products, fertilizer, and pet care products.

Profit for the Year

FY2012 ¥48.5bn. → FY2013 ¥41.4bn.



* Excluding corporate and eliminations
*1 I(W)PP: Independent (Water) Power Producer
*2 EPC: Engineering, Procurement and Construction
*3 EMS (Electronics Manufacturing Services): The provision of electronics device manufacturing services on a contract basis.

Note 1) We eliminated the Kansai Regional Business Unit and Chubu Regional Business Unit on April 1, 2014. These two regional business units were incorporated into organizations under business units and divisions. FY2012 and FY2013 results are also shown on a new organization basis accordingly.

Note 2) Consolidated net income in this report is the same as IFRS profit for the year attributable to owners of the parent.

Metal Products Business Unit

Main Business ■Steel Sheet-related Field ■Tubular Products Field ■Non-Ferrous Products & Metals Field

Message from the General Manager

"We will adapt to changes in the business environment and lead the world in business model evolution."

KAZUHISA TOGASHI
General Manager,
Metal Products Business Unit

Q What is the medium- and long-term outlook for the operating environment of the business unit?

A We forecast growing demand for steel sheets used in cars, home appliances, building materials and other products, supported by strong personal consumption in emerging economies. We also see new areas of demand for metal products spurred by shale development and offshore oil and gas development projects, as well as growing demand for aluminum amid rising consumption of aluminum cans and increasing needs for reduction in vehicle weight to improve fuel efficiency. These are some of the many changes we face in our operating environment, offering new opportunities in all our business fields.

Q What initiatives will you implement over the longer term to realize the desired image of "What We Aim to Be" for your business unit?

A We will expand our value chain in the energy-related field and strengthen our presence as a supplier in the rail and automotive value chains, which offer prospects for stable growth in emerging and advanced countries. In aluminum operations, we will focus on expanding our production and sales locations, from smelting operations upstream to rolling mills midstream. Also, in business fields with prospects for growth, we plan to deepen and enhance our value chain while evolving our business model.

→ **We plan to deepen and enhance our value chain in business fields with prospects for growth**

Performance Highlights

(Billions of yen)

	FY2012	FY2013	FY2014 Forecast
Gross profit	80.3	97.2	**103.0**
Operating profit	21.8	34.6	–
Share of profit of investments accounted for using the equity method	5.7	5.6	–
Profit for the year (attributable to owners of the parent)	17.3	26.6	**31.0**
Total assets	847.2	884.4	–

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

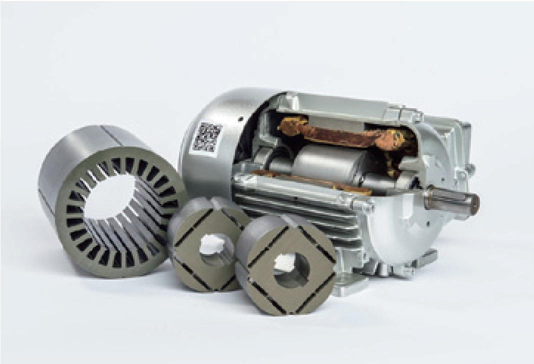
Q What did you achieve in the first year of the BBBO2014 medium-term management plan (fiscal 2013) and what are your plans for the second year (fiscal 2014)?

A **[Summary of Fiscal 2013]** Profit for the year totaled ¥26.6 billion, up ¥9.3 billion year on year. This reflected firm earnings in the North American tubular products business and a solid performance by the steel service center operations due to growth in auto production in Thailand, a recovery in demand for Japanese products in China, and an upturn in the Japanese economy supported by the government's Abenomics policies.

We also made steady progress with efforts to expand our earnings base, including the acquisition of the Edgen Group, a global distributor of metal and tubular products for the energy industry.

[Initiatives for FY2014] In the tubular products business, we plan to invest in the oilfield equipment, material and services field to reinforce our value chain. In the metal products for automotive & railway industry business, we will work to grow exports of long rails, which are becoming more common worldwide. In the aluminum business, we plan to expand our smelting operations in Malaysia.

We also aim to boost profits by implementing our growth strategies for recent acquisitions, the Edgen Group and Kienle + Spiess Gmbh (K+S), a motor core components manufacturing and sales company.



Motor core components made by K+S

→ We will make new investments and implement our growth strategy for recent acquisitions

Q What CSR initiatives are you implementing through your business activities?

A We place high priority on health, safety and environment (HSE) management and strive to prevent accidents before they occur by developing a *Safety Manual*, *Safety and Hygiene Management Guidelines* and *Work Handbooks* at all our subsidiaries and associated companies and rigorously educating our employees on safety management. The Tubular Products Division has built a global HSE management system and set a "Zero Harm" target in an effort to eliminate workplace accidents. The division also uses a safety management system to ensure operations are managed appropriately and focuses on creating and improving safe working environments. In fiscal 2013, we took further steps to strengthen our safety management system, such as recruiting HSE experts to managerial positions in Europe and the Asia-Pacific and completing HSE specialist appointments to all our key overseas business sites. We plan to step up these initiatives to instill HSE management in our culture to such an extent that safety becomes just part of the way we do things, not something special nor extra.

The Sakhalin operation team was awarded for achieving seven consecutive years without a lost time accident.

Metal Products

Business Field Overview

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.

[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 is expected to further boost demand for the steel sheets products.

[Strengths and Strategies]
We plan to increase profits by switching to high value-added products and boosting management efficiency, underpinned by sales from the steel service center network spanning 34 companies in 14 countries worldwide, mainly in emerging markets.

In the transportation equipment business, including railway wheels and axles, and crankshafts for automobiles, we will strive to grow market share by developing manufacturing and sales sites in various regions around the world.

[Actions for What We Aim to Be]
Our motor core business is well placed to benefit from rising demand for electric vehicles, hybrid cars, and wind power generators on the back of environmental measures and awareness of rising energy costs. In 2013, we acquired K+S, one of Europe's largest motor core manufacturing and sales companies. We are striving to expand the business with the aim of becoming the world's leading maker of motor cores.

In the metal products for automotive & railway industry business, we will use a newly built transport vessel to increase exports of long rails (150 meters in length) in response to rising global demand.

Specialized vessel for transporting long rails (150 meters in length)

Tubular Products Field

WHAT WE AIM TO BE

We aim to enhance and deepen the tubular products value chain in response to increasing energy demand over the medium to long term.

[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 growing 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, in 14 countries, providing integrated services ranging from ordering of tubular products to inventory

Project Overview

Deepening and enhancing the tubular products value chain

- Acquisition of the Edgen Group, a global distributor of metal and tubular products for the energy industry
- An initiative for deepening and enhancing our tubular products value chain in the energy-related field

In November 2013, we acquired all the shares in the Edgen Group, a global distributor of metal and tubular products for the energy industry. The cost of the share purchase was roughly ¥52 billion.

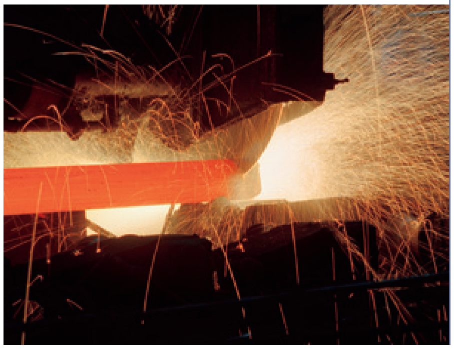
Edgen has a global network of 35 business sites in 18 countries, supplying products such as oil and gas line pipe, specialty tubular products for power plants and petrochemical plants, and steel materials used in offshore structures. In the U.S., Edgen is also a distributor of OCTG for shale development projects.

Based on global exports of tubular products, we have built a supply chain management

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 November 2013, we acquired all the shares in the Edgen Group, a global distributor of metal and tubular products and materials to the energy industry. In the oilfield equipment, material and services business, an area closely related to the OCTG field, the Howco Group, which we acquired in 2007, is expanding its operations. We plan to reinforce our presence in the field to further expand our tubular products value chain.



A seamless pipe manufacturing site

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 is broadening. 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 in Japan. We aim to build a value chain in the growing global market for aluminum by accelerating the development of production locations from smelting operations upstream to rolling mills midstream.

[Actions for What We Aim to Be]

In Malaysia, we are developing aluminum smelting operations with Press Metal Berhad, the country's largest aluminum extrusion products company. In November 2013, we signed an agreement to participate in the second phase of the project, which will roughly triple the size of our aluminum smelting business in Malaysia. These moves are part of wider efforts to expand our value chain in the aluminum business.

Aluminum ingots manufactured at Press Metal Berhad

system capable of supplying products to client sites on time, upgraded our wholesale distribution network, mainly in the U.S., boosted supply capacity by investing in tubular product mills and processing facilities, and acquired wholesale processors of oil field equipment as part of a concerted effort to expand our oil field-related value chain.

This latest acquisition will allow us to reinforce our existing manufacturing and distribution networks for OCTG and line pipe in line with strong demand from shale development. Another aim of the acquisition is to strengthen our sales network to address demand for tubular products, fittings and flanges in the construction of new oil refinery, petrochemical and power plants, and for steel sheets, steel plates and tubular products used in offshore oil and gas field development, which is projected to see strong growth.

We will work to satisfy the increasingly sophisticated demands of clients by deepening our value chain to enhance our service provision capabilities worldwide.

Large-diameter tubular product for use as line pipe

Transportation & Construction Systems Business Unit

Main Business ■ Ship, Aerospace & Transportation Systems Field ■ Automotive Field ■ Construction Equipment Field

Message from the General Manager

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

NAOKI HIDAKA
General Manager,
Transportation & Construction Systems Business Unit

Q What is the medium- and long-term outlook for the operating environment of the business unit?

A Shipping demand continues to increase, supported by a moderate recovery in marine transportation. In the commercial aviation market, we forecast increased demand for aircraft driven by population growth and living standards improvement in emerging countries. In the automotive field, we expect the car market to expand over the medium and long term, driven by growth in emerging countries. We also see new growth opportunities in mature automotive markets in advanced countries as needs become more diverse. In construction equipment, we expect growth in infrastructure projects to support increased demand in emerging countries. We also see continued growth in equipment rental demand in advanced countries.

Q What initiatives will you implement over the longer term to realize the desired image of "What We Aim to Be" for your business unit?

A In the ship, aerospace and transportation systems field, we will strengthen businesses that are profitable and have growth potential, such as ship-owing and aircraft leasing. In the automotive field, we plan to reinforce and step up global expansion in three key areas of our supply chain—manufacturing, sales, and auto leasing and retail finance. In the construction equipment field, we will expand our sales and service operations in emerging countries and resource-rich nations and reinforce our rental business in advanced countries. By building on our strengths in each field, I want Transportation & Construction Systems to grow into the leading business unit in the Group.

→ We will enhance and reinforce our capabilities to tap growth in global transportation demand.

Performance Highlights

(Billions of yen)

	FY2012	FY2013	FY2014 Forecast
Gross profit	123.2	124.7	**133.0**
Operating profit	25.8	34.5	–
Share of profit of investments accounted for using the equity method	27.3	27.7	–
Profit for the year (attributable to owners of the parent)	45.6	48.8	**46.0**
Total assets	1,302.0	1,443.5	–

Organization

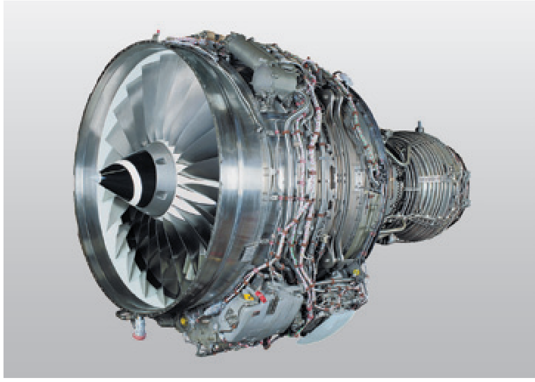
- Planning & Administration Dept., Transportation & Construction Systems Business Unit
- Ship, Aerospace & Transportation Systems Division
- Automotive Division, No. 1
- Automotive Division, No. 2
- Construction & Mining Systems Division

Q What did you achieve in the first year of the BBBO2014 medium-term management plan (fiscal 2013) and what are your plans for the second year (fiscal 2014)?

A **[Summary of Fiscal 2013]** Profit for the year increased ¥3.2 billion year on year to ¥48.8 billion in fiscal 2013, supported by earnings from the aircraft leasing business and firm demand in the automobile financing business in Indonesia, the automotive leasing business in Japan and the construction equipment rental business in the U.S.

We also jointly established an aircraft engine leasing company in the Netherlands with MTU Aero Engines AG to address the wide-ranging needs of the airline sector.

[Initiatives for FY2014] In the ship, aerospace and transportation systems field, we plan to gradually ramp up aircraft engine leasing operations, using the aircraft leasing business as a platform to build up our value chain, including areas such as parts and maintenance services. In the automotive field, we will draw on our strengths in the domestic market to expand our automotive leasing business overseas and also diversify our automotive financing operations in emerging countries. In addition, we plan to increase production capacity at our automotive components and automobile manufacturing operations in Mexico and other markets. In the construction equipment field, we will drive business expansion by increasing the operational reach and expanding the asset portfolio of Sunstate Equipment Co., LLC, a leading U.S. construction equipment rental company.



The V2500 engine is a key product of aircraft engine leasing operations

→ **We will diversify our operations and step up global expansion, centered on existing businesses.**

Q What CSR initiatives are you implementing through your business activities?

A We contribute to the development of local communities in various ways through our railway construction business in emerging countries. In Ho Chi Minh City, Vietnam's largest city, we are working on construction for the country's first urban railway system. When completed, the new railway system will help the city function better by easing road congestion. It will also enable us to contribute to a reduction in air pollution. In Indonesia we are pushing ahead with a project to convert the Java main line near the capital Jakarta to electrified double-double track. We would like to contribute on the improvement of convenience for local communities by increasing capacity on commuter lines through this project. We plan to expand our project formation/management skills and technology evaluation expertise—the kind of strengths and capabilities only Sumitomo Corporation can offer—for the sustainable development of society through our business activities.

Completed image of Vietnam's first urban railway system

Transportation & Construction Systems

Business Field Overview

Ship, Aerospace & Transportation Systems Field

WHAT WE AIM TO BE

We will establish a stable earnings base and target balanced growth in shipping, aircraft, railway and related leasing businesses.

[Business Environment]
Although the shipping market is lackluster, demand for new ship construction has been kept since last year because of the affordable price level. We also expect increasing longer-term demand for commercial aircraft based on the 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 operations of ships owned and jointly owned as well as shipyard business through Oshima Shipbuilding Co., Ltd. With SMBC Aviation Capital, we will strive to further expand the aircraft leasing 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 have teamed up with Germany's MTU Aero Engines AG to launch an aircraft engine leasing business. We plan to offer packaged services that include parts and maintenance support.

Expanding Aircraft leasing business

Automotive Field

WHAT WE AIM TO BE

We plan to reinforce the earnings base by enhancing key functional capabilities of our automotive value chain and by expanding globally.

[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 lease and financing, we will develop overseas operations in collaboration with Sumitomo Mitsui Auto Service Company, Limited, which is now Japan's largest automobile leasing group. In automobile and motorcycle financing operations in Indonesia, we aim to leverage our strong customer base and business infrastructure to move into peripheral business areas.

Project Overview

Developing our construction equipment rental business in the growing U.S. market

- Our U.S. subsidiary Sunstate Equipment Co., LLC is expanding its operational reach and increasing its asset portfolio with the aim of enhancing profitability. The company is also developing new rental business fields, such as unconventional energy-related equipment.

Our construction equipment business in the U.S. started in the 1980s with the establishment of a wholesale company in partnership with a Japanese construction equipment manufacturer. We also invested in a Japanese construction equipment manufacturing and sales company. In the 1990s, we developed and expanded the business through the acquisition of local dealership operations.

Also, by leveraging our expertise in the domestic construction equipment rental business, we invested in a leading U.S. construction equipment rental company Sunstate Equipment in 2008 which gave us much greater access to the world's largest construction equipment rental market.

In manufacturing, we are expanding our automobile parts manufacturing business in emerging markets—especially Asia and Mexico—centered on KIRIU Corporation. We will also focus on automobile production.

In automotive sales, we plan to boost sales in emerging countries such as Libya, Iraq and Myanmar.

[Actions for What We Aim to Be]

In Mexico, we have started mass production at our automobile manufacturing joint venture with Mazda Motor Corporation. We plan to reinforce our manufacturing operations in Mexico by expanding our local KIRIU plant and through an investment in an auto parts business operated by Hiroshima Aluminum Industry Co., Ltd.

Automobile manufacturing joint venture with Mazda Motor

Construction Equipment Field

WHAT WE AIM TO BE

We aim to expand our sales and service operations in emerging and resource-rich countries and reinforce our rental business in developed countries.

[Business Environment]

Demand for construction equipment is expected to grow in emerging countries in line with an increase of infrastructure to be developed. Demand is also expected to expand in the U.S., the largest rental market for construction equipment in large part due to a recovery in construction investment.

[Strengths and Strategies]

Our construction equipment business in Canada has become our largest source of earnings on the back of sales of construction and mining equipment, coupled with success in capturing demand for parts and services.

In the U.S. and Japan, the market is increasingly shifting from owning to renting, which is supporting earnings growth in our rental business. In China, we are strengthening the basis of our dealership operations in preparation for a full-scale recovery in the market. Also, we are working to expand the earnings base in emerging countries by developing our business in the Middle East and Asia. In Mongolia and Russia, we are expanding our comprehensive mining equipment related business, working closely with customers.

[Actions for What We Aim to Be]

In Saudi Arabia, we teamed up with a local partner to establish Abdul Latif Jameel Summit Co., Ltd. (A.L.J. Summit), which imports and sells construction equipment and provides related services. We plan to expand our dealership operations, which is the origin of our construction equipment business, into other countries in the Middle East and other regions such as Africa and Asia.

The stockyard and workshop of A.L.J. Summit

Although Sunstate Equipment faced severe challenges during the financial crisis after the collapse of Lehman Brothers, as the market recovered from 2011, the company expanded its rental fleet in response to customer demand, driving a V-shaped recovery in growth. The U.S. is the world's largest equipment rental market in size, however, the rental equipment usage ratio is still lower than in Japan and the U.K., pointing to significant room for further market growth. Given this outlook, we took a controlling stake in Sunstate Equipment at the end of 2012, aiming to expand earnings further.

Going forward, we plan to increase market share in existing fields and go into the fast-growing oil and gas-related equipment rental market. This will be a part of active efforts to expand our scope of customers and operational reach to reinforce the earnings base. We will also look at acquiring local competitors to achieve our growth strategy more rapidly.

Overview of Sunstate Equipment Co., LLC

Establishment:	1977
Location:	Phoenix, Arizona
Bases:	56 bases in 9 Southwestern U.S. States
Sales:	Approx. $300 million
Business:	Rental of aerial work platforms and construction equipment, etc.

The company's yard stocked with rows of diverse equipment

Environment & Infrastructure Business Unit

Main Business ■Environment & Infrastructure Project Field ■Global Power Infrastructure Field ■Logistics and Insurance Field

Message from the General Manager

"We will expand the infrastructure business in line with market needs and upgrade our logistics functions in order to support the development of society and contribute to growth in the earnings base."

MICHIHIKO KANEGAE
General Manager,
Environment & Infrastructure Business Unit

Q What is the medium- and long-term outlook for the operating environment of the business unit?

A Overseas, we forecast continued growth in demand for power and water infrastructure driven by economic expansion and population growth in emerging countries. In Japan, we anticipate further deregulation in the electricity retail market and expansion in power generation by renewable energy. Also, we see growing interest in infrastructure with low environmental impact as part of a global trend toward sustainable societies. As Japanese companies expand their international presence, we also anticipate further growth in demand for logistics services and industrial parks, especially in Asia.

→ Aiming to expand the earnings base by tapping growing demand for social infrastructure and logistics

Q What initiatives will you implement over the longer term to realize the desired image of "What We Aim to Be" for your business unit?

A In the overseas power infrastructure business, we aim to increase our net generation capacity to 10,000 MW, centered on Asia, the Middle East and the Americas. In the domestic power field, we will focus on expanding our retail electricity supply contracts and our power generation capacity. In the renewable energy field, we plan to expand our earnings base while replacing our portfolio with prime assets. In the overseas industrial park business, we will strengthen the earnings base by improving service levels and developing new projects. We also intend to develop the water infrastructure business and battery business to grow them into new earnings pillars for the future.

Performance Highlights

(Billions of yen)

	FY2012	FY2013	FY2014 Forecast
Gross profit	60.3	63.7	**66.0**
Operating profit	13.6	19.2	–
Share of profit of investments accounted for using the equity method	4.2	5.2	–
Profit for the year (attributable to owners of the parent)	14.0	19.1	**21.0**
Total assets	605.1	597.0	–

Organization

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

Q What did you achieve in the first year of the BBBO2014 medium-term management plan (fiscal 2013) and what are your plans for the second year (fiscal 2014)?

A **[Summary of Fiscal 2013]** Profit for the year totaled ¥19.1 billion in fiscal 2013, up ¥5.1 billion year on year. This mainly reflected a solid performance by the power infrastructure business, such as the Tanjung Jati B Coal-Fired Power Plant (TJB) in Indonesia, and profit contributions from value realization projects.

We are developing a number of projects to expand our earnings base. These include participation in an IWPP project in Kuwait, an offshore wind power project in Belgium and an industrial park project in Myanmar. We are constructing a gas-fired thermal power plant in the U.A.E. and a wind farm in South Africa. We have also sold part of our stake in a U.K. water supply company to a strategic partner and replaced our domestic wind farm asset. In this way we are making steady progress with the initiatives outlined in the BBBO2014.

[Initiatives for FY2014] In the overseas power infrastructure business, we are developing new projects and also pushing ahead with existing projects, such as the IWPP project in Kuwait, large-scale power plant EPC projects in Thailand and Malaysia, wind farm construction projects in South Africa and the U.S., and the offshore wind power project in Belgium. In the domestic power field, we have started building our new power plant that uses biomass fuel. We are also developing new overseas industrial parks and working on new water projects.

Northwind Offshore Wind Farm (Belgium)

Making steady progress with existing projects and developing new projects

Q What CSR initiatives are you implementing through your business activities?

A We have been working with eight other private-sector companies and Osaka City on the Osaka Hikari-no-Mori Project, a mega-solar power generation project that makes effective use of a landfill site on Yumeshima in Konohana Ward, Osaka. The project started generating electricity in November 2013.

In February 2014, at a neighboring site on the island, we also began operating a large-scale power storage system, which utilizes used batteries collected from electric vehicles (EVs). We will make use of the system to verify and measure the smoothing effect on energy output fluctuations from mega-solar farms, which are affected by the weather. By utilizing used EV batteries, which are likely to be available in greater numbers in the future, we aim to develop highly economical large-scale power storage systems. The used EV batteries installed in this project were supplied by 4R Energy Corporation, a joint venture between Sumitomo Corporation and Nissan Motor Co., Ltd.

Large-scale power storage system utilizing used EV batteries

Environment & Infrastructure

Business Field Overview

Environment & Infrastructure Project Field

WHAT WE AIM TO BE

We will help create a sustainable society and sustainable industries by implementing highly efficient infrastructure projects with low environmental impact.

[Business Environment]

In the renewable energy power field, some advanced countries scaled back incentive schemes, but we expect the global trend promoting the introduction of renewable energy to continue. Japan is moving toward greater deregulation in the domestic electricity retail market.

Demand for clean water is likely to increase, mainly in emerging countries, spurred by rapid industrialization and urbanization.

[Strengths and Strategies]

We will develop new projects to expand our earnings base by leveraging our track record in renewable energy power projects in the U.S. and South Africa, and our expertise in the water infrastructure field from our water supply business in the U.K.

In Japan, we plan to take advantage of further deregulation in the energy market to expand our electricity retail business, using Summit Energy Corporation's wealth of experience in power operations and its diverse portfolio of energy sources.

[Actions for What We Aim to Be]

In Japan, the U.S. and South Africa, we are pushing ahead with the construction of wind and solar farms, and in Belgium we are developing an offshore wind power project. In Japan, we are building a biomass power plant to add to our portfolio of energy sources. In the water infrastructure business, we are constructing a desalination plant in Oman.

Dorper Wind Farm (South Africa)

Global Power Infrastructure Field

WHAT WE AIM TO BE

We aim to make a stable, long-term contribution to the development of society and the Group's earnings by expanding our power infrastructure business in line with market needs.

[Business Environment]

We anticipate further growth in electricity demand worldwide on the back of economic expansion and population growth in emerging regions such as Southeast Asia, the Middle East and Sub-Saharan Africa.

[Strengths and Strategies]

Our strength is the ability to propose and establish the type of projects that no one but Sumitomo Corporation can deliver by using our regional and business networks to meet market needs accurately and rapidly, and combining them with our long experience in EPC and I (W) PP businesses. We aim to build up a high-quality earnings base in regional markets that we know well, such as Asia, the Middle East

Project Overview

Shuweihat S3 project (U.A.E.)

Our overseas power infrastructure business has become more sophisticated, shifting its focus from exports of power cables and substation equipment in the 1970s to EPC and IPP businesses today. As the business has evolved, it has accumulated a wealth of expertise and know-how in power plant design and construction and in the development and operation of power generation businesses. Leveraging these skills, we are now addressing power infrastructure needs in Asia and in areas as diverse as the Middle East, North America and Australia.

In the Middle East, a large number of IPP and IWPP projects are being planned amid growing demand due to rising living standards accompanying industrialization. In this region, which we position as one of our strategic markets, a and the Americas, and expand our presence in emerging markets, which offer significant potential.

[Actions for What We Aim to Be]
The Shuweihat S3 gas-fired thermal power plant, currently under construction in the U.A.E., is scheduled to start commercial operations in August 2014. Also, we are constructing the Az-Zour North IWPP project in Kuwait. The project is the country's first public private partnership (PPP) in the sector and is scheduled to come on stream in 2016. In the power infrastructure EPC field, we are working on major projects in Malaysia and Thailand and developing a number of new large-scale projects in Southeast Asia and Sub-Saharan Africa.

Image of completed Kinyerezi gas-fired combined-cycle thermal power plant (Tanzania)

Logistics and Insurance Field

WHAT WE AIM TO BE

We aim to contribute to Group profit by enhancing our logistics and insurance functions, and to expand our business base in the overseas industrial park business.

[Business Environment]
We have to upgrade logistics and insurance functions to keep pace with the Group's expanding and increasingly complex business operations. Also, demand for high-quality logistics services and industrial parks is growing as Japanese manufacturers move into overseas markets, particularly Southeast Asia.

[Strengths and Strategies]
As an integrated trading company, we have many years of experience in the transport of various products and materials worldwide and are well-versed in insurance risk management for large-scale projects. Using this know-how, we will play our part in expanding the Group's business base by supporting the startup and expansion of businesses, while also generating earnings for the business unit itself. In the overseas industrial park business, we already have a strong presence in the sector and provide clients with high value-added services.

[Actions for What We Aim to Be]
In Japan and overseas, we have built and managed a high-quality logistics system, and also provide support to new large-scale overseas projects in all areas of procurement and management.

In the overseas industrial park business, we plan to expand existing sites in the Philippines and Vietnam. We are also leading the development of the Thilawa Industrial Park in Myanmar.

Groundbreaking ceremony for the Thilawa Industrial Park (Myanmar)

dedicated team was established in Abu Dhabi, U.A.E. to develop new projects and manage and operate our working power generation assets.

In January 2014, we started construction on the Az-Zour North project in Kuwait. The project is the country's first public private partnership (PPP) IWPP project and will contribute to stable, long-term power and water supplies for Kuwait based on a 40-year energy conversion and water purchase agreement with the Ministry of Electricity and Water. In the U.A.E., we are currently building the Shuweihat S3 gas-fired combined-cycle thermal power plant, which will have high fuel efficiency and low environmental impact. The plant is scheduled for completion in 2014.

In the overseas power infrastructure business, we are aiming to establish an earnings base capable of generating stable, long-term profits. Specifically, we plan to boost our net generation capacity from 5,478 MW at the end of March 2014 to 10,000 MW in 2019 by increasing our portfolio of prime assets, mainly in strategic markets.

Image of completed Az-Zour North IWPP project (Courtesy of Hyundai Heavy Industries Co., Ltd. and Societe Internationale de Dessalement S.A.)

Overview of the Az-Zour North IWPP Project

Type of plant:	Gas-fired combined-cycle power plant and desalination plant
Capacity:	1,500 MW
(Water production)	(Approx. 480,000 tons/day)
Total project cost:	Approx. $1.8 billion

Overview of the Shuweihat S3 IPP Project

Type of plant:	Gas-fired combined-cycle power plant
Capacity:	Approx. 1,600 MW
Total project cost:	Approx. $1.5 billion

Media, Network, Lifestyle Related Goods & Services Business Unit

Main Business ■ Media, IT and Retail Field ■ Lifestyle-related Field ■ Construction & Real Estate Field

Message from the General Manager

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

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

Q What is the medium- and long-term outlook for the operating environment of the business unit?

A Japan has a large, stable but mature consumer market. Although it faces both an aging and shrinking population, living standards are high compared with other countries and consumers have trended more toward focusing on value rather than price. Overseas, emerging countries are seeing growth in the middle-income consumers, which is likely to support continued growth in consumption.

In Japan, we are targeting opportunities from the increasingly diverse needs of consumers. We are also stepping up efforts to drive growth by using our know-how in Japan to expand operations overseas.

→ **We are targeting growth by transferring our expertise in the mature domestic market to emerging countries in Asia and elsewhere.**

Q What initiatives will you implement over the longer term to realize the desired image of "What We Aim to Be" for your business unit?

A We will continue to reinforce our solid business base in domestic operations while also targeting growth overseas by extending the reach of existing businesses into emerging markets, particularly China and other Asian countries. As part of global expansion, we will set up businesses with leading local companies or multinationals, leveraging the strengths of the Group and our partners to rapidly get the businesses on track and develop them into our earnings pillars for the future.

Performance Highlights

(Billions of yen)

	FY2012	FY2013	FY2014 Forecast
Gross profit	287.0	284.9	**301.0**
Operating profit	34.0	39.5	–
Share of profit of investments accounted for using the equity method	25.4	39.8	–
Profit for the year (attributable to owners of the parent)	69.1	54.4	**54.0**
Total assets	1,823.2	1,871.2	–

Organization

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

Q What did you achieve in the first year of the BBBO2014 medium-term management plan (fiscal 2013) and what are your plans for the second year (fiscal 2014)?

A **[Summary of Fiscal 2013]** Although core businesses such as Cable TV, TV shopping and condominium sales were firm, profit for the year fell ¥14.7 billion to ¥54.4 billion. This decline mainly reflected the partial sale of our stake in Jupiter Shop Channel Co., Ltd. in the previous fiscal year.

In the construction & real estate field, we pushed ahead with a number of urban redevelopment projects, including the redevelopment of the former Kanda campus of Tokyo Denki University and the Ginza 6-chome District project.

[Initiatives for FY2014] In the media, IT and retail field, we will focus on developing new TV shopping, e-commerce and drugstore businesses that were set up overseas in the period up to fiscal 2013, the first year of the BBBO2014 medium-term management plan. Jupiter Telecommunications Co., Ltd. (J:COM), jointly operated by Sumitomo Corporation and KDDI CORPORATION, acquired JAPAN CABLENET LIMITED (JCN) in December 2013. J:COM is now working to generate merger synergies from the acquisition. In the lifestyle-related field, we will reinforce upstream operations in the food business in Australia and Asia, and work to extend our value chain into midstream operations. TBC Corporation, our U.S. tire distribution and auto aftermarket retail operation, is steadily implementing a restructuring plan with the goal of achieving a full earnings recovery in fiscal 2015. In the construction & real estate field, we plan to enlarge our portfolio of prime real estate assets while steadily replacing assets in strategic areas in Japan. We will also seek to identify new projects with the potential to generate profits over the medium and long term.

Production of a TV shopping program (Thailand)

→ We will steadily implement initiatives in a range of fields to drive growth in our earnings base over the medium and long term.

Q What CSR initiatives are you implementing through your business activities?

A While demand for forest resources is growing worldwide, including in the fast-growing economies of Asia, we are building a global sales network that mainly sources timber from the Pacific Rim region. As part of those efforts, we acquired 36,000 hectares of forest in New Zealand. Timber businesses need to work in harmony with the natural environment to ensure long-term timber supplies. We have established a sustainable business model that will ensure the forest is constantly renewed through carefully planned logging and replanting operations. Our forest in New Zealand is certified by the Forest Stewardship Council (FSC®), a global certification body for forests and forest products. The local community has also praised our commitment to sustainable forest management using methods suited to local conditions.

Wild horses can be seen in our forests

Media, Network, Lifestyle Related Goods & Services

Business Field Overview

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.

[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, Asia and other emerging markets has increased with economic development.

[Strengths and Strategies]
We are developing a portfolio of industry-leading business companies. This includes J:COM, which holds the top share in the Japanese 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]
J:COM has secured a dominant position in the Cable TV market after the acquisition and merger with JCN. We plan to expand the business further by integrating brands and services. We also started broadcasting TV shopping programs in Thailand. In the e-commerce business, we are using M&A to drive business expansion.

Launch of a new J:COM

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.

[Business Environment]
Demand for commodities such as grains, edible oil and meat 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 timber demand; notably in China, where timber 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. Going forward, we plan to reinforce our position in upstream operations while also expanding our

Project Overview

Largest mixed-use development project in the Ginza area

We have a strong presence in the real estate market as a general property developer with a long track record. Clients value our expertise, which we have built up through mixed-use redevelopment projects such as Harumi Island Triton Square and large-scale retail facilities such as Terrace Mall Shonan. We are now contributing this expertise to the Ginza 6-chome District 10 Category 1 Urban Redevelopment Project.

The Ginza 6-chome District 10 Category 1 Urban Redevelopment Project involves the complete redevelopment of a roughly 1.4-hectare site comprising the former site of the Matsuzakaya Ginza department store and an adjacent plot. The project is scheduled for midstream business in consumer markets in Asia and elsewhere.

In the lumber business, we will expand our forest resources in the Pacific Rim region, targeting markets in Asia.

[Actions for What We Aim to Be]

In the food business, which has been positioned as a strategic industrial focus for the entire Group, we strengthened the business foundation by increasing our stake in Emerald Grain Pty Ltd, an Australian grain company, from 50% to 100%. In Asia, we are extending our value chain from upstream operations to midstream operations through participation in a flour milling operation in Vietnam and in sugar processing operations in Thailand and China.

Meanwhile, our tire distribution and auto aftermarket retail subsidiary TBC continues to implement measures to drive an earnings recovery.

Sugarcane harvesting at the base of our sugar processing operations

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]

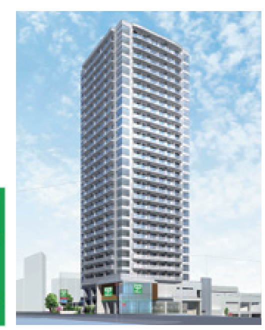
Demand for land in urban centers and prime properties has held firm in the Japanese real estate market. In addition, there is a stronger awareness of safety and security with respect to buildings and their maintenance, and environmental friendliness.

[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 unique integrated corporate strengths to develop buildings and towns that are friendly to both people and the environment. Looking ahead, we will apply our expertise nurtured in domestic operations to business expansion overseas, while also concentrating on the operation of real estate funds involving logistics facilities.

[Actions for What We Aim to Be]

In office building leasing operations, we continued to work on the Kandanishiki-cho 3-Chome Joint Reconstruction Project and the redevelopment of the Kanda area, which includes part of Tokyo Denki University's former Kanda Campus. In condominium sales operations, growing awareness of the CLASSY HOUSE brand supported strong sales. Drawing on the Group's integrated strengths, we started work on the Ginza 6-chome redevelopment project and pushed ahead with construction of CLASSY TOWER Higashi Nakano in Tokyo. Our new real estate fund business, which is focused on logistics facilities, also started full-scale operations.

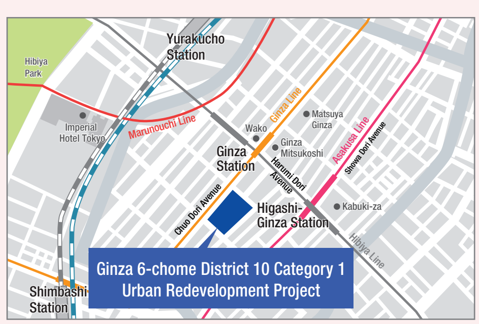


Mixed-use development with Summit, Inc. (CLASSY TOWER Higashi Nakano)

completion in November 2016. The aim of the project is to create a major international retail, business and tourist destination in Tokyo. The building will have around 46,000 m^2 of retail space, approximately 38,000 m^2 of office space, with one of the largest floor layouts in Japan, and cultural facilities including the Kanze Nohgakudo Theater. When completed, the building will be one of the largest mixed-use buildings in the Ginza area.

Sumitomo Corporation plans to take an approximate 40% stake in the facility through a special purpose company set up with L Real Estate (part of the LVMH Group) and Mori Building Co., Ltd.

The project will allow us to leverage our integrated corporate strengths, such as our expertise in mixed-use real estate development projects and materials procurement support from our trading company operations. The project's premium, central Tokyo location will also boost our presence in the real estate sector and provide us with new insights into urban redevelopment projects.



Project Overview

Total project cost:	Approx. ¥83.0 billion (building)
Building scale:	Site area approx. 9,080 m^2; gross floor area approx. 147,900 m^2; 13 floors above ground, 6 floors below ground
Building use:	Stores, offices, Kanze Nohgakudo Theater, district heating and cooling facility and parking

Mineral Resources, Energy, Chemical & Electronics Business Unit

Main Business ■ Mineral Resources & Energy Field ■ Chemical & Electronics Field

Message from the General Manager

"We aim to build a strong business foundation that will adapt and grow in keeping with changes in the operating environment."

MASAHIRO FUJITA
General Manager,
Mineral Resources, Energy,
Chemical & Electronics Business Unit

Q What is the medium- and long-term outlook for the operating environment of the business unit?

A Amid rising demand for mineral resources and energy on the back of global population growth and economic expansion, mainly in emerging countries, we expect the development of technologically challenging deep-sea oil fields and U.S.-led development of shale oil and gas resources to gain momentum. Meanwhile, changing lifestyles in emerging countries are likely to drive qualitative and quantitative growth in demand for food resources. In order to meet this demand, agricultural production will need to become more efficient, especially due to concerns about the impact of climate change caused by global warming on agricultural yields.

Q What initiatives will you implement over the longer term to realize the desired image of "What We Aim to Be" for your business unit?

A In the upstream resources and energy fields, we will steadily increase the value of existing projects and carefully select and invest in cost-competitive prime projects, focusing on key strategic resources. We will also continue to replace assets in order to optimize our asset portfolio. In midstream and downstream business fields, we will leverage synergies with upstream operations and reinforce our alliances with prominent partners in order to implement structural changes ahead of the industry and generate new added value. We will thus promote distinctive businesses and trading activities.

→ We will tap growing demand for resources and energy over the medium and long term through business investment and trading activities.

Performance Highlights

(Billions of yen)

	FY2012	FY2013	FY2014 Forecast
Gross profit	89.0	80.5	**97.0**
Operating profit	26.8	(10.8)	–
Share of profit of investments accounted for using the equity method	30.8	36.9	–
Profit for the year (attributable to owners of the parent)	47.7	24.0	**38.0**
Total assets	1,400.1	1,614.5	–

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

Q What did you achieve in the first year of the BBBO2014 medium-term management plan (fiscal 2013) and what are your plans for the second year (fiscal 2014)?

A **[Summary of Fiscal 2013]** Although profits rose at our South African iron ore operations on the back of sales volume increase, etc., profit for the year declined ¥23.7 billion to ¥24.0 billion. This mainly reflected impairment losses on the Isaac Plains coal mining project in Australia due to falling prices.

We took steps to enhance the value of major investments, such as starting up commercial production at the Ambatovy nickel project in Madagascar. We also made progress on a U.S. LNG project, which is scheduled to start exports to Japan in 2017.

[Initiatives for FY2014] In the upstream resource and energy field, we will put priority on steadily ramping up production at projects currently under development. We also plan to continue improving the cost competitiveness of existing projects while steadily implementing expansion plans. At the same time, we aim to raise the quality of our portfolio by replacing assets. In midstream and downstream fields, we intend to push ahead with the U.S. LNG export project as planned, while also developing our overseas ferroalloy and petrochemical manufacturing operations. Also, we will work to build our agricultural value chain by further expanding the sales network in our global crop protection business and by enhancing and developing our multifaceted crop-production support business* worldwide.

Ambatovy nickel plant in Madagascar

We will ensure that projects currently under development start up steadily and step up efforts to boost value.

* A one-stop operation providing materials and services needed in agricultural production

Q What CSR initiatives are you implementing through your business activities?

A We are engaged in the development of mines worldwide. Our mining projects can only remain viable by contributing to the sustainable development of local communities, especially those near the mines. At our San Cristobal mine in Bolivia, South America, we have set up a technical institute to provide additional training to technicians who work at the mine. We also opened the institute to local people to help them acquire the technical skills they need to become economically independent. We are also contributing to local communities by building public infrastructure such as roads, bridges, water supplies, hospitals and schools, and we have implemented a number of environmental conservation measures at the mine, such as constructing a dust mitigation dome over the ore stockpile and using ground water resources in a sustainable manner.

The San Cristobal Technical Institute in Bolivia

Mineral Resources, Energy, Chemical & Electronics

Business Field Overview

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 have been weak for some time due to slowing economic growth in China and other emerging countries. However, we forecast increased demand for mineral resources and energy over the medium and long term. Also, the global energy supply and demand landscape is being transformed amid active development of unconventional energy resources.

[Strengths and Strategies]

We will optimize our portfolio of resource interests with an eye to longer-term demand growth. The focus will be key strategic resources. We will also take into account time factors like the start of production and mine life, regional considerations including country risk diversification, and the participation style such as alliances with prime partners and upgrade of the functions we provide. 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. non-conventional 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 knowledge and experience in upstream shale gas development with the functions of our U.S. natural gas trading company.

[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. In the U.S. shale oil and gas development project we joined, we are conducting geological surveys and raising the drilling efficiency as we move forward with development and production. 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, where commercial production has begun, we are continuing to increase the plant operating rate, aiming to achieve early full production. At the aforementioned San Cristobal mine, we are

MUSA iron ore operation in Brazil.

Project Overview

Cove Point LNG project in Maryland (U.S.)

Japan's demand for liquefied natural gas (LNG) has been growing since the shutdown of nuclear reactors after the Great East Japan Earthquake in 2011. LNG exports from the U.S. are seen as one way of meeting this demand.

We are a partner in the Cove Point LNG project in the U.S. state of Maryland, which is led by Dominion Cove Point LNG, LP (Dominion). Under the project, shale and other natural gas in the U.S. will be processed at a new liquefaction plant built by Dominion at Cove Point for export to Japan as LNG. In September 2013, the project received approval from the U.S. Department of Energy to export LNG to countries that do not have a free trade agreement (FTA) with the U.S. The project partners are aiming to start exports in 2017 after construction working to enhance the project's value through ongoing exploration aimed at increasing the ore reserve. In the meantime, we acquired an interest in the Clermont thermal coal mine for our coal mining operation in Australia. In midstream and downstream business, we acquired an export permit from the U.S. Department of Energy for our Cove Point LNG project in Maryland, where preparations are underway to begin exports in 2017. In Malaysia, we are working toward completing the construction of a manganese alloy smelting facility in 2016.

San Cristobal silver, zinc and lead mine in Bolivia

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. Furthermore, the use of shale gas has brought about structural change in the chemicals industry.

[Strengths and Strategies]

We will work to build our multifaceted crop-production support business by moving into new areas, handling new products and securing additional licenses in our global crop protection business and by generating synergies with our fertilizer operations.

We also plan to develop our gas chemicals-related operations as a peripheral business to our U.S. shale gas upstream interests.

[Actions for What We Aim to Be]

We have established crop protection chemical sales companies in Turkey and Chile as part of efforts to strengthen our global sales network. We are also further enhancing our multifaceted crop-production support business through our Romanian agricultural materials distribution company Alcedo S.R.L. In China, we took a stake in Spanish company CEPSA Quimica S.A.'s local petrochemical manufacturing operations, while in Russia, we invested in a high-purity quartz production business. In the electronics business, we are reinforcing the EMS business foundation and working to expand the value chain.

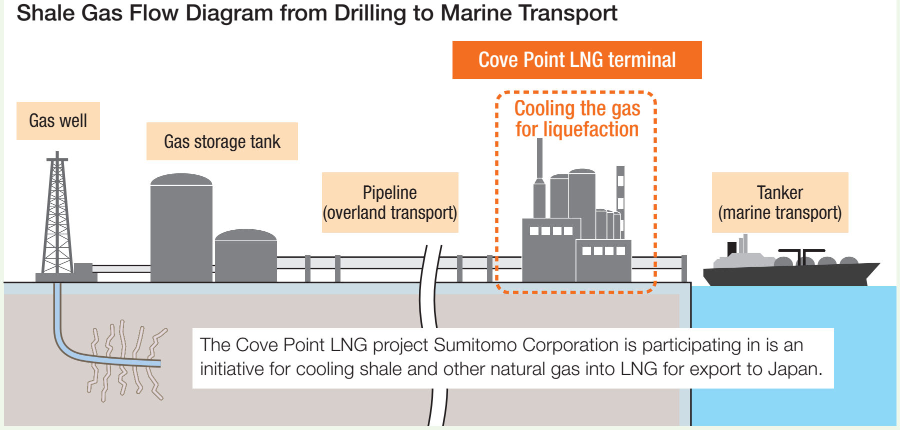
Alcedo's grain silos in Romania

approval has been granted by the Federal Energy Regulatory Commission (FERC), which is expected sometime during 2014.

Leveraging the expertise and networks we have built up in our U.S. natural gas trading and marketing operations since 2004, we plan to play a key role in exports of LNG to Japan using stable, long-term supplies of U.S. natural gas via the new liquefaction plant. We have signed a contract with Dominion for processing approximately 2.3 million tons of LNG per year, which we plan to sell to Tokyo Gas Co., Ltd. and The Kansai Electric Power Co., Inc. over 20 years from 2017.

Through the Cove point project, we aim to diversify Japan's LNG supply sources and procurement pricing formula by supplying LNG that tracks the price of U.S. natural gas. This will help Japan secure stable supplies of energy from more diverse sources.

Shale Gas Flow Diagram from Drilling to Marine Transport



Messages from Regional Organizations

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.”

Operation of the EMEA-CIS organization is now in its second year, and I recognize that we have gained a firm grip on expanding our businesses. The many countries in the region we serve are striving to build a prosperous and hopeful future, and teeming with various economic needs and wants. We are unique in that we are based locally in close proximity to fresh and detailed market intelligence, which we can gather and analyse in developing these needs and wants into businesses. To this end, we will place an even greater emphasis on making the most of the staff and business network within our organization. Our mission is also to contribute to the development of the countries and people we serve through our business activities.

Asia & Oceania

KOHEI HIRAO
General Manager for Asia & Oceania

“Driving dynamic growth with our power of business creation and tailored solutions for different stages of growth.”

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

The Americas

KAZUHIRO TAKEUCHI
General Manager for the Americas

> **We will rise to the challenge of capturing innovation and growth from the central point of the world economy.**

In the Americas, we have focused the investment of our management resources in the four strategic fields of Oil & Gas, Infrastructure, Consumer Products and Services, and Mineral and Food Resources.

In the Oil & Gas field in particular, we are developing diverse businesses ranging from manufacturing, processing, and distribution of oil country tubular goods, providing construction machinery, to developing shale gas and oil, trading gas, and exporting liquefied natural gas (LNG). In November 2013, we acquired the Edgen Group, a global distributor of tubular and steel products for the energy industry, in a bid to further strengthen our earnings base in this field.

In contributing to the Group's sustainable growth, SC Americas will rise to the challenge of staying on top of persistent "innovation and growth."

East Asia

HIROKI INOUE
General Manager for East Asia

> **We will shore up both scale and speed in markets brimming with business opportunities to grow together with the region.**

The East Asia Region has grown into an industrial and technological hub of the world. It is also a promising market where economic growth and social change are constantly giving rise to new needs in all sorts of business fields.

We are an organization with an inside track on the economic pulse of the region. Our goal is to shore up both scale and speed in growing together with our business partners from within and outside East Asia. With this in mind, we are strengthening our business base and functions, and the roles we are expected to play, as we network and collaborate globally to leverage the synergies of the Sumitomo Corporation Group.

Section 3

Structures to Support Business Activities

Corporate Governance

Human Resource Management

Towards a Better, Sustainable Society (CSR)

Corporate Governance

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

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.

1600

The Founder's Precepts "*Monjuin Shiigaki*"

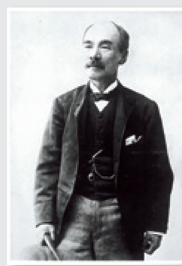
The Founder's Precepts "*Monjuin Shiigaki*" is a letter sent by Masatomo Sumitomo (1585–1652), the founder of Sumitomo and a religious man, to his family members in his old age. It succinctly describes the guiding principles of his business operations.

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."

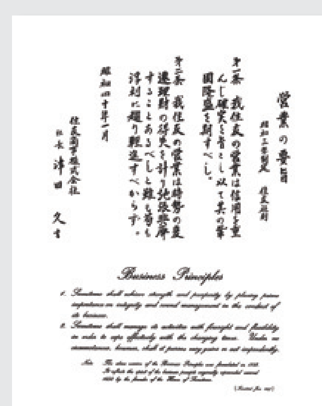
1900

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.



営業の要旨

第一条 我住友の営業は信用を重んじ確実を旨とし以て其の鞏固隆盛を期すべし。

第二条 我住友の営業は時勢の変遷理財の得失を計り弛張興廃することあるべしと雖も苟も浮利に趨り軽進すべからず。

Business Principles

Business Principles

2000

Sumitomo Building Annex where Nippon Engineering's head office was located

Sumitomo Corporation Management Charter

The Osaka North Harbour Company Limited, the predecessor of Sumitomo Corporation, was founded in 1919. Later, after World War II, the company changed its name to Nippon Engineering 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 the 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.

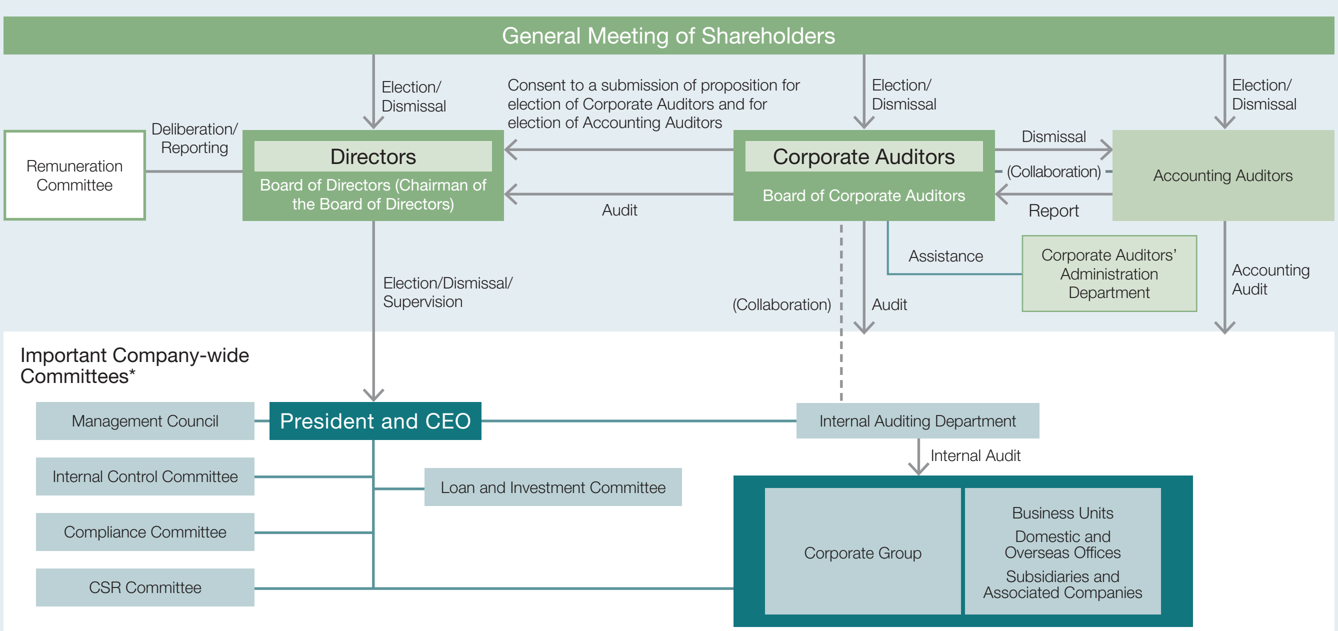
Our approach to corporate governance is embodied in the “Sumitomo Corporation Corporate Governance Principles,” which can be accessed from the following web page.
URL: http://www.sumitomocorp.co.jp/english/company/governance/detail/principle/

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
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 2014, 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 2013 are as follows:

Classification	Number of payees	Total amount of remuneration, etc., pertaining to fiscal 2013	Breakdown		
			Monthly remuneration	Bonuses	New Share Acquisition Rights
Directors (particulars relating to Outside Directors)	16 persons (2 persons)	1,048 million yen (21 million yen)	738 million yen (21 million yen)	203 million yen (—)	107 million yen (—)
Corporate Auditors (particulars relating to Outside Corporate Auditors)	7 persons (4 persons)	127 million yen (40 million yen)	127 million yen (40 million yen)	— (—)	— (—)

Notes: 1. As of the end of the fiscal 2013, we had 12 Directors and 5 Corporate Auditors (including 2 Outside Directors and 3 Outside Corporate Auditors).
2. No Director of the Company is concurrently an employee of the Company.
3. The above stock options are the total amounts recorded as expenses in fiscal 2013 for granting the Twelfth New Share Acquisition Rights (issued on July 31, 2013), the Seventh New Share Acquisition Rights (stock-linked compensation) (issued on July 31, 2012) and the Eighth New Share Acquisition Rights (stock-linked compensation) (issued on July 31, 2013).
4. The maximum amount of remuneration to Directors comprising monthly remuneration, new share acquisition rights in the form of stock options, and new share acquisition rights in the form of stock options for a stock-linked compensation plan is ¥1.2 billion per year (the maximum amount of remuneration to Outside Directors is ¥60 million per year), as resolved at the 145th Ordinary General Meeting of Shareholders held on June 21, 2013.
5. The maximum amount of monthly remuneration to Corporate Auditors is ¥180 million per year, as resolved at the 145th Ordinary General Meeting of Shareholders held on June 21, 2013.

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 Tokyo Stock Exchange, Inc. and other financial instruments exchanges that Sumitomo Corporation is listed on, and Sumitomo Corporation has notified the exchanges, under their respective provisions, of their respective status as independent director.

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 Prosecutor, Tokyo High Public Prosecutor's Office
July 2001	Prosecutor-General
October 2004	Attorney at Law (present position)
June 2005	Outside Corporate Auditor, Sumitomo Corporation
June 2013	Outside Director, 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, 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 Tokyo Stock Exchange, Inc. and other financial instruments exchanges that Sumitomo Corporation is listed on, and Sumitomo Corporation has notified the exchanges, under their respective provisions, of their respective status as independent auditors.

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 with 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, 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, 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	Superintending Prosecutor, Tokyo High Public Prosecutor's Office
December 2010	Prosecutor-General
October 2012	Attorney at Law (present position)
June 2013	Outside Corporate Auditor, 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,

Message from an Outside Director

Balancing Risk Management and Maximizing Earning Power

One year has passed since my appointment as an Outside Director of Sumitomo Corporation. Having spent many years working at the Ministry of Economy, Trade and Industry (METI), I thought I knew well the business undertaken by integrated trading companies, but I have been given a new awareness of many aspects since I began taking part in decision making with the Board of Directors. To be specific, the evolution to investment-type business models has moved forward more than I thought, and the extent of business handled is vast.

While at the METI, we mainly drew up plans with the idea of how substantially our plans would benefit the national wealth and what policies were needed to fulfill the plans, after which we would entrust the private sector with implementing the plans. I went from being in this position to becoming a Director for Sumitomo Corporation, itself a private company, and in the position of discussing specific businesses.

Sumitomo Corporation employees act in a manner that is prideful for the country or world, feel they should raise their performance and are particular, I believe, about taking the correct process and doing a wonderful job. Their conduct when it comes to methods of decision making conveys an impression of being solidly rounded. They firmly quantify items like investment risk, and involvement in thorough discussions leaves a favorable impression.

On the other hand, it is extremely difficult to achieve a balance between risk management and maximizing earning power. The Board of Directors must be adept at controlling that balance. Discussion about risk is of course necessary, but I think it is also my role as an Outside Director to push to take on the challenge of grasping business opportunities.

Sumitomo Corporation is engaged in many large-scale projects of the type that support the implementation of national-level plans. Based on my own experiences, the business model of the integrated trading company is one that people inside Japan and overseas should focus on. I would like Sumitomo Corporation employees to utilize people, products and services and capital, have pride, and feel at ease while working.

KAZUO MATSUNAGA
Outside Director

Appointed as Outside Director of Sumitomo Corporation in 2013 after previous positions including being the Director-General of The Economic and Industrial Policy Bureau and Vice-Minister of Economy, Trade and Industry.

Message from an Outside Corporate Auditor

Building Trusting Relationships with Customers is Important

HARUO KASAMA
Outside Corporate Auditor

Appointed as Outside Corporate Auditor of Sumitomo Corporation after previous positions including being the Superintending Prosecutor of the Tokyo High Public Prosecutor's Office and Prosecutor-General. Currently, he is also an Attorney at Law.

Corporate auditors have a responsibility to monitor whether directors are acting illegally and ensure that does not harm the company. One year has passed since becoming an Outside Corporate Auditor of Sumitomo Corporation, and in that time, I have not been aware of any incident that may have caused me to worry on these points.

Sumitomo Corporation's corporate governance is effective and it is a steady company. The Sumitomo Corporation Group has Sumitomo's Business Philosophy, which functions as an axis for corporate governance.

Sumitomo Corporation invests in a variety of companies and, in addition to operating income, the earnings of investees also carry significant weight. Regarding investments, there is lively and solid debate in meetings of the Board of Directors about their risks and return on investments over the medium to long term. It is at these times when I strongly feel the dissemination of compliance and Sumitomo's Business Philosophy of "integrity," "sound management" and "no pursuing easy gains."

I worked for a long time at the Public Prosecutor's Office, during which I associated with people from a variety of backgrounds, but what I felt strongest was "the importance of trusting relationships." Trust built up once should not be allowed to simply shake. Relationships built on trust have proved beneficial to me in a variety of situations. Integrated trading companies also find it extremely important to build relationships of trust with customers. Business solely focused on profit will not build relationships of trust. Corporate auditors are a checking institution and do not have voting rights at meetings of the Board of Directors and I believe they should not infringe on the discretionary powers of directors making management decisions. However, while respecting discretionary powers to the maximum extent, we must check for unfair methods that run counter to having a trusting relationship with customers.

Sumitomo Corporation operates on an enormous scale and is a company with an extremely significant social mission. Going forward, I want it to be profitable for the state and society and develop business connecting to its value creation while maintaining relationships of trust with customers.

Corporate Auditors exchange information with and monitor the auditing activities of the Accounting Auditors through regular 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 43 Executive Officers (as of July 31, 2014) 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 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 2013, we held five such meetings in four cities, attended by a total of 1,100 individual investors.

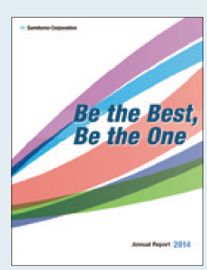
While working to strengthen and enhance our corporate governance structure and systems, from the perspectives of "improving management efficiency" and "maintaining sound management," we will continue to further strengthen internal auditing, risk management and compliance, to further improve the effectiveness 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, effective from April 1, 2008, we evaluate our internal controls as required by law, and we improve business process as well.

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 the operations of 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 the assets and risk-management, status of compliance and business operations 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.

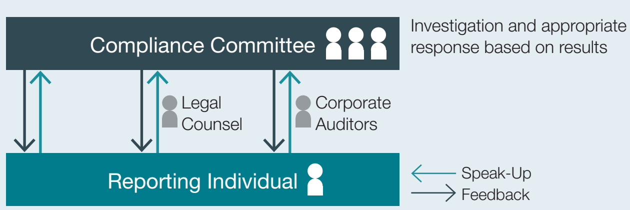
Compliance Training and Education

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 based on the cost of capital. In case of new large-scale investments or projects, cases are submitted to the Loan and Investment Committee for thorough examination. The Committee is also responsible for monitoring the preparation and implementation of necessary measures to improve the performance of the existing important investments. When the performance of investments falls short of required standards after a certain period from its inception, we have an Exit Rule that designates such investment as "Investment 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 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

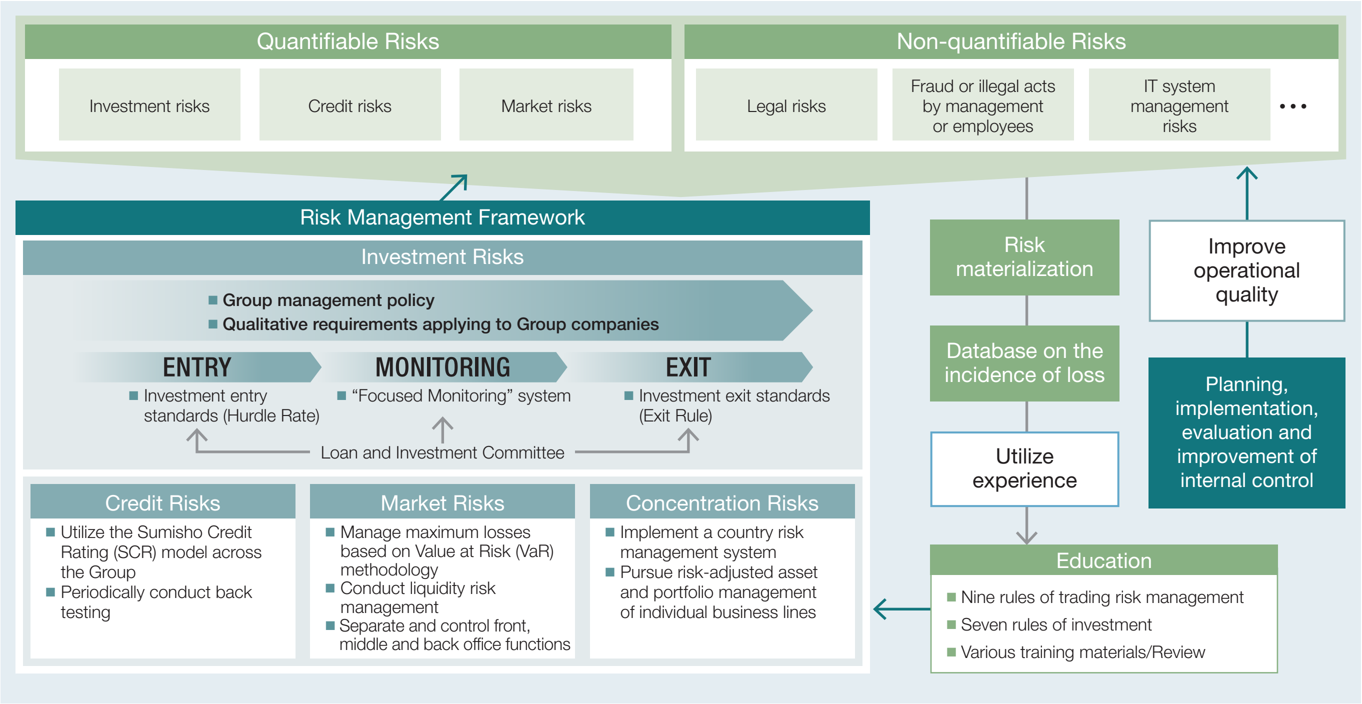
Although we have been constructing the best possible risk management framework to cope with diversified risks, we cannot completely prevent the incurrence of loss in the course of business activities only by the framework itself. We are putting our efforts into implementing the initiatives that enable 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

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 profit for the year. 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., profit for the year, as the numerator to calculate profitability, both in each business and for the Company as a whole.

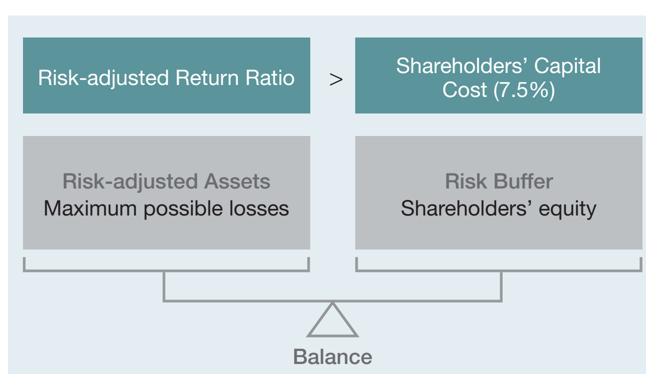
Basics of Risk-adjusted Return Management

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%.

$$\text{Risk-adjusted Return Ratio} = \frac{\text{Profit for the Year}}{\text{Risk-adjusted Assets (Maximum possible losses)}}$$



Human Resource Management

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 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 a 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.

Human Resource Management Initiatives

Recruitment: Recruitment Policy With Respect for Basic Human Rights

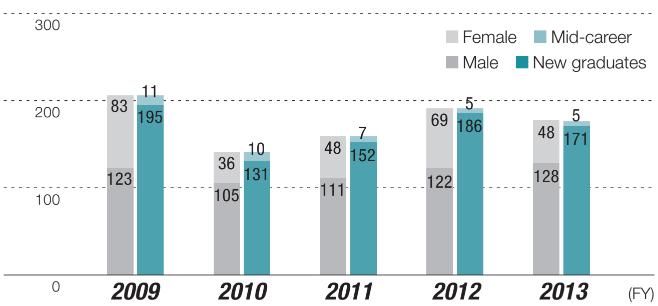
Recruiting Diverse Human Resources Who Are Able and Eager to Work in the Global Business Arena

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, 2014, employees with disabilities represented 2.08% of our workforce, a higher percentage than the statutorily required level of 2.00%.

Number of New Employees and Breakdown

(Units: People)



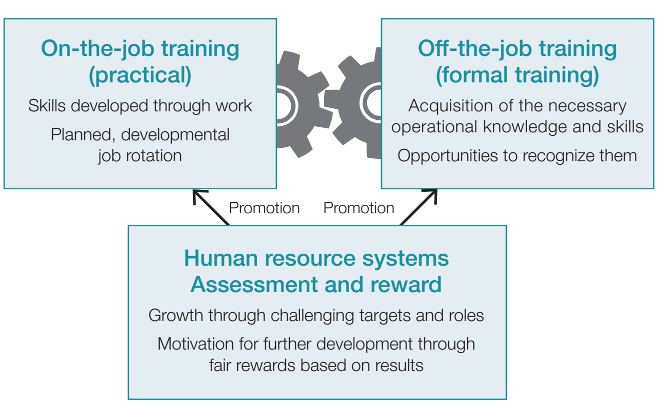
*Total number of new graduates and mid-career workers employees for key career track positions and clerical positions

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

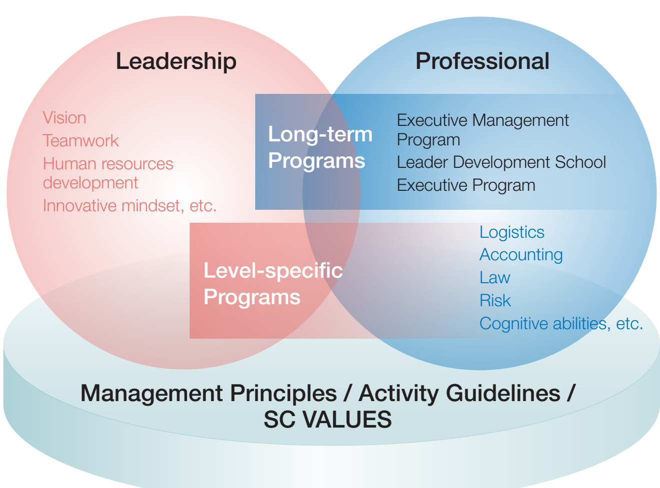
Sumisho Business College (SBC) offers about 300 programs per year that are designed to nurture the human resources we seek to achieve our vision, with a focus on three areas: 1) Management Principles, Activity Guidelines and SC VALUES, 2) Leadership, and 3) Professional. In fiscal 2013, 10,978 trainees 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 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, 2014)

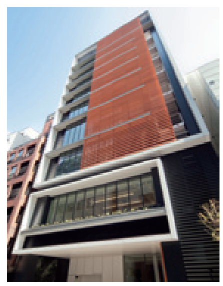
(Units: People)

	Locally hired employees	Hired by Head Office	Total
East Asia	618	95	713
Asia & Oceania	841	161	1,002
Europe, Middle East, Africa & CIS	659	171	830
Americas	505	177	682
Total	2,623	604	3,227

* 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 2013, the facility was used by a total of 9,236 people from throughout the Group.



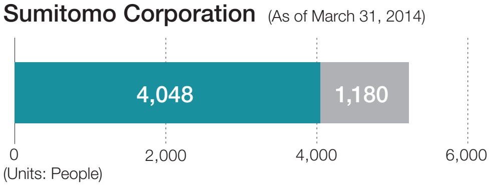
Sumitomo Corporation Global HRD Center

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 to various social needs, introducing the concept of work-life balance, promoting lively work styles based on high quality of life and resulting in efficient work practices, and encouraging more active involvement of female employees in business, pushing back the retirement age, 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, 2014)



* The numbers above include fixed-term employees

Average Employee Turnover Rate in Fiscal 2013

3.39%	Number of employees who left the company in fiscal 2013:	182
	Total number of employees as of April 1, 2013:	5,362

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 (55.0% as of March 31, 2014), to enable us to reflect employees' opinions as we formulate and implement measures.

Usage of Various Systems (Fiscal 2013)

System	Number of users
Spouse's maternity leave	80
Leave to look after a sick child	128
Child-care leave*	24

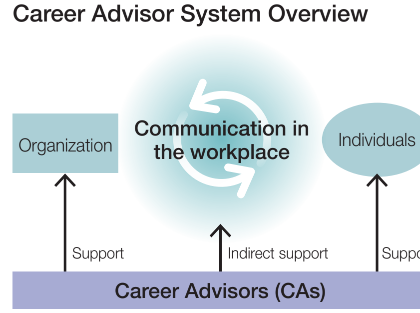
* 100% of female employees who gave birth during the fiscal year used this system

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/

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 the 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 is nothing other than putting our Corporate Mission Statement into practice, engaging in sound business activities and having every member of the organization perform his or her daily duties with spirit and a strong sense of ethics.

Taken from a CSR viewpoint, in order for the Sumitomo Corporation Group to contribute to the development of a sustainable society and grow along with society, we must create and provide new social values through our business activities, which would in turn result in enhanced corporate value. We feel the Sumitomo Corporation Group's CSR should revolve around the plan-do-check-act (PDCA) cycle. We develop an accurate understanding of social issues and identify new needs through dialogue with stakeholders. We then offer proposals to provide the solutions by bringing together the Group's unique strengths and capabilities, to boost earnings and expand business activities by improving the standard of living and contributing to the development of economies, industries and societies in the communities and countries where we conduct business.

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 should do and how we should do it as a corporation, and then follow up by planning 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, the Sumitomo Corporation Group has also been an active participant in a local network of the UN Global Compact, the Global Compact Japan Network. In fiscal 2013, we took part in workshops on ISO 26000, environmental management and human rights, obtaining the latest information on global trends and advanced case studies and acquiring specialist knowledge from experts, which we have used to evolve our promotion of CSR. In November 2013, we partially revised the Sumitomo Corporation Group CSR Action Guidelines for Supply Chain Management in regard to the importance of respecting human rights throughout the supply chain.

Furthermore, in the belief that we should raise the level of CSR promotion, all sales departments conducted a self-diagnosis based on ISO 26000, the CSR global standard. Going forward, we will designate priority issues and move toward improving them based on PDCA.

On Annual Report 2014

Sumitomo Corporation published a print edition of the Report on Responsibility & Sustainability through fiscal 2012. From Annual Report 2013 onwards, we have integrated the print edition with our annual report and offered greater information on CSR initiatives. In addition to providing more detailed reporting of the Group's CSR promotion as well as its environmental and social initiatives, we introduce the CSR initiatives that each business unit is implementing through its business activities in the segment overviews of the report, in messages from the General Managers of each unit.

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 Framework

Since establishing the Environment & CSR Department in April 2008, Sumitomo Corporation has aggressively pursued CSR in cooperation with relevant internal departments, domestic and overseas organizations, 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 hold environmental seminars and more.

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 and General Managers of Planning & Administration Depts. of each business unit. The committee meets annually in principle. At the CSR Committee meeting in March 2014, a basic CSR policy and future direction was established after reviewing the steps taken in fiscal 2013. Specifically, the comittee discussed the following: 1) using ISO 26000 as a reference for measures to further raise the quality of CSR promotion, 2) actively transmitting information about matters like CSR through our business activities, 3) moving ahead with improving the efficiency of environmental management activities to a new level, and 4) focusing on social contribution activities befitting our distinctive identity.

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., General Accounting Dept., Risk Management Dept., Planning & Administration Depts. of each business unit (Metal Products Business Unit, Transportation & Construction Systems Business Unit, Environment & Infrastructure Business Unit, Media, Network, Lifestyle Related Goods & Services Business Unit, Mineral Resources, Energy, Chemical & Electronics Business Unit)
Secretariat:	Environment & CSR Dept.

Global Environment Committee

Promoting Practical Application 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 shares the same values as our Corporate Mission Statement. 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.

In fiscal 2013, we took part in the Leader's Summit held in New York in addition to continuing to actively participate in the activities of the Global Compact Japan Network. Amid these activities, at a small group session on human rights education, we endeavored to gather a variety of information from the participating companies from diverse industries about human rights, exchanged information about effective teaching methods and produced useful teaching materials for in-house training and seminars related to raising awareness about human rights.

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

CSR Initiatives for Supply Chain Management

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

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.

The Group's integrated authentication enables unified environmental management of many different offices and organizations in line with the Sumitomo Corporation Group Environmental Policy. As of June 2014, approximately 19,000 employees in total from all domestic locations of Sumitomo Corporation and its 29 Group companies are participating in these environmental management activities under the Group's integrated authentication.

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

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

ISO 14001
JQA-EM0451

Environmental Objectives and Targets

Targets for Fiscal 2013 and 2014

Management Area	Objectives	Fiscal 2013 Targets	Fiscal 2014 Targets
Environmental business	Improve the environment by way of business and expand environmental businesses	Expand renewable energy businesses	Expand renewable energy businesses
		Promote businesses to help create a recycling-oriented society	Promote businesses to help create a recycling-oriented society
		Promote projects to save energy and reduce greenhouse gas emissions	Promote other businesses to reduce environment impact
Management of environmental impact	Reduce environmental impact of business	Monitor and reduce electricity, gas consumption, and waste emissions at all offices in Japan	Monitor and reduce electricity, gas consumption, and waste emissions at all offices in Japan
		Assess environmental impact caused by business operations	Assess environmental impact caused by business operations
		Assess and promote the reduction of environmental impact of the supply chain involved	Assess and promote the reduction of environmental impact of the supply chain involved
Hazardous substance management	Comply with chemical substance regulations	Strengthen the control of chemical substances and encourage suppliers and consignees to participate	Strengthen the management system for chemical substances and supply chain management
Logistics management	Promote energy conservation in logistics	Formulate and implement specific energy conservation plans for transporting cargo	Formulate and implement specific energy conservation plans for transporting cargo
		Strengthen ties with domestic carriers to achieve efficient transportation and analyze their efficiency	Conserve energy by analyzing and achieving for efficient transportation through strengthening ties with domestic carriers
Legal compliance	Proper disposal of waste in accordance with the Waste Disposal and Public Cleaning Act	Educate employees through training seminars on the Waste Disposal and Public Cleaning Act	Educate employees through continuous training seminars on the Waste Disposal and Public Cleaning Act
		Implement on-site inspections and promote information sharing with other Group companies	Implement on-site inspections and promote information sharing with other Group companies
Environmental education	Raise employees' environmental awareness	Hold events like awareness-raising seminars related to environmental conservation	Hold events like awareness-raising seminars related to environmental conservation
		Share information related to environmental management through the ISO Office (Environment & CSR Department)	Share information related to environmental management through the ISO Office (Environment & CSR Department)

Please refer to the following website for information about our results on fiscal 2013 targets.
http://www.sumitomocorp.co.jp/english/csr/environment/manage/target_results/

Environmental Accounting

Environmental Accounting for Fiscal 2013

(Thousands of yen)

Environmental conservation costs	Investment	Costs	Main benefits
(1) Business area cost	87,076	1,057,775	Environmental conservation
(2) Upstream and downstream cost	0	2,011	Energy conservation, resource conservation, and waste reduction
(3) Administration cost	2,355	494,895	ISO 14001, environmental communication and environmental training
(4) R&D cost	0	191,311	Environmental businesses and footprint
(5) Social activity cost	0	24,695	Cooperation with NGOs and NPOs
(6) Environmental remediation cost	0	533	Restoring the environment naturally back to its original state
Total	89,431	1,771,221	

(Thousands of yen)

Data scope:	Investment	Costs
Head office, regional offices and branches in Japan (nine in all)	78,241	1,160,273
Group companies with ISO 14001 certification (29 in all)	11,190	610,947
Total	89,431	1,771,221

Data collection period: April 2013 to March 2014

The Environmental Conservation and Economic Benefits in Fiscal 2013

	Consumption in fiscal 2013	Environmental conservation benefits (YoY)	Economic benefits
Electricity*	7,859 MWh	246 MWh	5,494 thousand yen
Paper*	30,645 thousand sheets	3,708 thousand sheets	3,018 thousand yen
Water**	44,390 m^3	1,302 m^3	1,036 thousand yen

Data scope: Head office, regional offices and branches in Japan
(*nine in all, **three major offices)

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 management methods, especially 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.

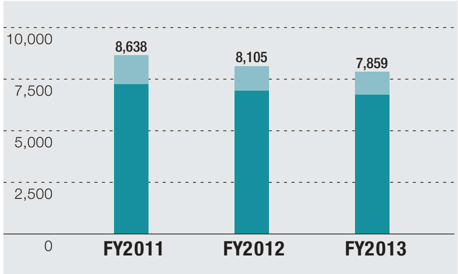
Environmental Performance Data

The Sumitomo Corporation Group considers the environment through its business activities, while making efforts to reduce the energy consumption and waste emissions in its offices.

* Data for electricity consumption, CO_2 emissions (in offices), waste emissions, and water consumption includes data from some Group companies.
* Previous years' data for electricity consumption, CO_2 emissions (in offices), waste emissions, water consumption, and paper consumption have been revised to reflect a revision of the scope for data collection in line with actual management status.
* Data scope: Head office, regional offices and branches in Japan (*The three major offices for water consumption, nine in all for other data)

Electricity Consumption

(1,000 kWh)

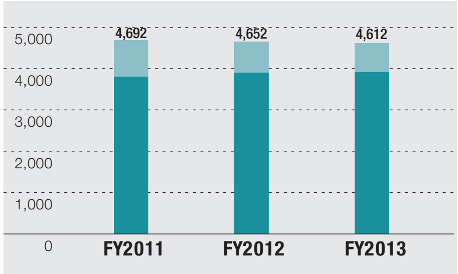


■ Head office ■ Regional offices and branches in Japan

* Sumitomo Corporation has set a target of reducing electricity consumption by 1% annually.

CO_2 Emissions (in offices)

($t-CO_2$)



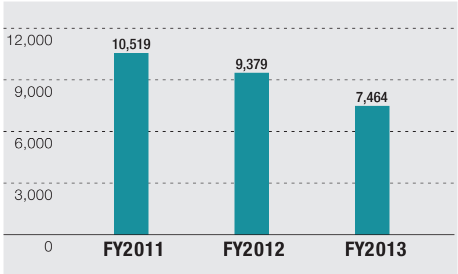
■ Head office ■ Regional offices and branches in Japan

* For the breakdown of CO_2 emissions, Scope 1 is 206 tons and Scope 2 is 4,406 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	FY2011	FY2012	FY2013
Electricity ($kg-CO_2/kWh$)	0.429	0.441	0.441
Utility gas adjusted based on standard heat value ($t-CO_2$/thousand m^3)	2.234	2.234	2.234
Heat (in head office) ($t-CO_2/GJ$)	0.034	0.041	0.046
Heat (in other than head office) ($t-CO_2/GJ$)	0.057	0.057	0.057

CO_2 Emissions (in logistics)

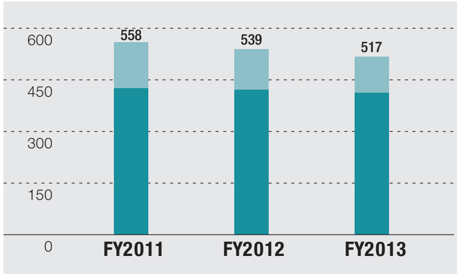
($t-CO_2$)



* CO_2 emissions in logistics are for cargoes within Japan where Sumitomo Corporation is the cargo owner according to the Act Concerning Rational Use of Energy.

Waste Emissions

(tons)

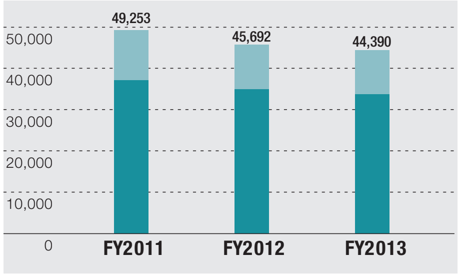


■ Head office ■ Regional offices and branches in Japan

* Fiscal 2014 targets of Sumitomo Corporation are set at 513 tons for waste emissions. Assuming a 92% recycling rate, 41 tons of waste would be sent to landfill.

Water Consumption

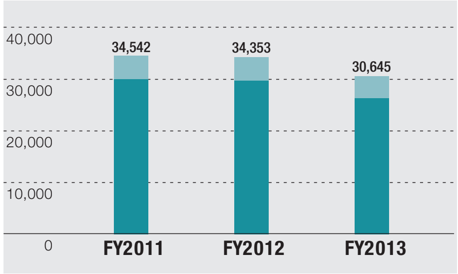
(m^3)



■ Head office ■ Regional offices and branches in Japan

Paper Consumption

(1,000 sheets)



■ Head office ■ Regional offices and branches in Japan

* Calculated from the purchase amount of office paper and the unit price of A4 paper.

Please refer to the following website for detailed information on environmental performance data and third-party assurance.
http://www.sumitomocorp.co.jp/english/csr/environment/manage/load_data/

CSR Through Business Activities

The Sumitomo Corporation Group has established an environmental policy of striving to achieve sustainable development, through sound business activities, aimed at symbiosis between social and economic progress and environmental preservation, under which it is promoting numerous environmental businesses.

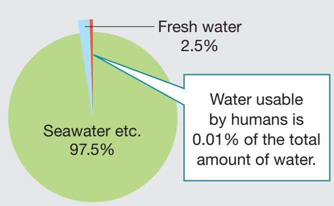
Working Around the World to Close the Loop in the Water Cycle and Enable the Efficient Use of Precious Water Resources

Water, a Precious Resource We Can't Live Without

Water is a precious resource that is indispensable for life. Almost all of the water resources on Earth, called the "Water Planet," are seawater, with fresh water representing only 2.5% and, when it comes to water that is usable by humans, the figure plummets to 0.01%.

There are no alternatives to existing water resources and resources are unevenly distributed around the world, which means countries in regions such as the Middle East, North Africa, and Asia are always worried about water. Furthermore, as a result of rapidly increasing populations and accelerating urbanization and industrialization, water demands have been growing continuously while the capacity of the environment to supply safe and sanitary water has been deteriorating. Given this, water security is expected to become an even more serious issue in the coming years.

World Water Resources



Based on World Water Resources at the Beginning of the 21st Century (UNESCO)

Aspiring to Become an Integrated Water Business Company

The Sumitomo Corporation Group is involved in developing recycling systems through activities such as water supply and sewage treatment operations and the seawater desalination business in areas around the world to create solutions for water problems.

For example, in Mexico, where sewage systems have lagged behind water supply systems, we have been cooperating since 2004 on a joint project in sewage treatment business with Degrémont S.A., a French water service company. This business recycling sewage for agricultural and industrial use is contributing to improving the environment in Mexico. And in China, which is developing the sewage infrastructure at speed as it tries to cope with more stringent environmental regulations accompanying its rapid economic development, we are involved in a joint sewage treatment business with a local water company. In Oman, where demand for water is increasing, we are taking part in a water production business that uses reverse osmosis to desalinate seawater.

Furthermore, in 2013, we acquired Sutton & East Surrey Water (SESW) plc. in the U.K. with the aim of fully participating in a project to privatize water supply services right through from collection from rivers and underground springs to filtering and then supply. At present, we operate SESW as a joint venture with Osaka Gas Co., Ltd. Going forward, we will not only engage in other water-related business activities outside of the U.K., but also provide a variety of functions that help to improve the world's water environment.

An SESW reservoir amid rich natural surrounds

Developing Recycling Systems by Way of Public and Private Partnerships

In Japan, water supply and sewage is usually undertaken by local governments, which boast world-class skills and technologies for operating, managing, and maintaining water and sewage treatment plants and water and sewer pipes, achieving low water leakage rates, and reusing treated sewage, among others. Sumitomo Corporation seeks to contribute to the realization of a safe, sanitary water environment by exporting an integrated solution that combines the know-how of Japanese local government outfits with the technologies of the private sector and our own integrated capabilities as an integrated trading company together into a single package. To this end, we have already taken the first step by launching a project in Malaysia in cooperation with the Tokyo Metropolitan Government.

The Group is contributing to solutions for water problems through developing multifaceted water businesses on a global level.

Design support for sewage treatment facilities by the Tokyo Metropolitan Sewerage Service Corporation

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

Social Initiatives

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.

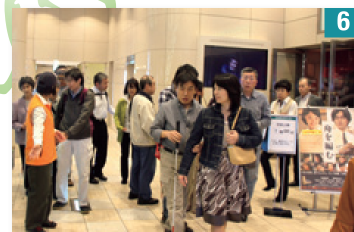

1


2

3

4


5


6


7


8


9


10

IN EUROPE · CIS · MIDDLE EAST · AFRICA

- Support for the activities of Shakespeare's Globe Theatre in contributing to the development of dramatic art and culture in local communities – U.K. 1
- 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 and awards donator of Japanese speech contests – Russia, Czech, Kazakhstan
- Support for AURORA CENTER, a local NGO developing operations supporting school attendance by children with disabilities – Romania
- Participation in a tree-planting event to create a Japanese garden where people can relax – Ukraine 2
- Support for the construction of a training centre for early childhood teachers at Qatar University – Qatar 3
- Donation of a vehicle for people with disabilities to a rehabilitation center – Libya 4
- Support for the mobile library project run by local NGO SAPESI – South Africa
- Support for the Sankyu Thank You Project protecting the lives of pregnant mothers giving birth and their babies – Kenya, Uganda 5
- 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
- Support for the TOMODACHI Initiative, a public-private partnership for nurturing the next generation of leaders in the U.S. and Japan
- Support for the activities of the Junior Philharmonic Orchestra
- Support for production and proliferation of "barrier-free" movies watched with audio descriptions and Japanese-language subtitles 6
- Hosting company training and providing homestays for university students from China 7
- Hosting "Have Fun with Mom," a tour to a food manufacturer for children and their mothers 8
- 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, such as Terrace Mall Shonan 9
- Support for TABLE FOR TWO and CUP FOR TWO activities
- Cooperation with Japanese Red Cross Society blood donation campaigns
- Cooperation with the Japan-Korea Strait College, providing internships for students from Kyushu University and Pusan National University 10
- Participation in bottle-cap campaign aimed at providing polio vaccines to children throughout the world

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 11
- Internship programs, work experience programs, and office tours for students – various Asian countries 12
- 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
- Donation of monetary relief for areas affected by typhoons, floods and other natural disasters – China, the Philippines
- Educational assistance for students from impoverished areas in Anhui, Guangdong and Yunnan provinces – China
- Donation and delivery of coal to elderly citizens living alone to enable them to warm their homes – South Korea 13
- Support for educational and infrastructure improvements in local communities as part of overseas industrial park development projects – Vietnam, the Philippines, Indonesia
- Japanese language education and culture learning for junior high school students in Da Nang City – Vietnam
- 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 copper and gold mine business – Indonesia
- Donation of cash, books, food and other items to facilities for children in slum areas – Thailand 14
- Donation of uniforms and school supplies to elementary school children in impoverished parts of Yangon's suburbs – Myanmar 15
- Conducting a technical training program for local students – India

IN AMERICAS

- Support for the Center on Japanese Economy and Business, Columbia Business School – U.S.
- Support for organizing Japan Day, an event to showcase Japanese culture – U.S. 16
- Support for art museums such as the Metropolitan Museum of Art and the Museum of Modern Art (MoMA) – U.S.
- Support for efforts to develop a cure for leukemia, Alzheimer's, and other diseases – U.S.
- Collection within a Group company for donating funds to the Children's Miracle Network, an organization supporting children's hospitals in various regions – Canada 17
- Environmental protection such as by transplanting rare plants growing on a factory construction site and tree planting and contribution to local communities by developing public roads – Mexico
- Support for local cultural activities and sports events – Brazil
- Support for educational and infrastructure improvements in local communities as part of the San Cristobal silver, zinc and lead mine business – Bolivia
- Donation of Christmas cakes, school supplies and playground equipment to villages and elementary schools in close vicinity to company-owned forests – Chile 18
- Support for indigenous people's villages project promoting fruit cultivation and folk handicrafts – Chile
- Donation of eucalyptus tree saplings to villages neighboring company-owned forests – Chile 19

Developing the Next Generation of Human Resources

Sumitomo Corporation Scholarship Starts in Myanmar

In 1996, we established the Sumitomo Corporation Scholarship as part of our 50th anniversary in the trading business. Through this program, we are supporting development of the next generation of leaders in Asia.

We started the scholarship program in Myanmar in 2013, and in January 2014 held a Scholarship Awarding Ceremony at the Yangon Institute of Economics, which received support through the program. Over 80 people attended the ceremony, including the 24 scholarship recipients, representatives from the Republic of the Union of Myanmar Ministry of Education, the local Japanese Embassy, and the Yangon Regional Government.

"It is an honor to have started this scholarship program in the same year that Japan and Myanmar marked the 60th year of diplomatic relations and 60th year since Sumitomo Corporation established a base in Myanmar," said Hideshi Mega, General Manager of the Yangon Office, Sumitomo Corporation Asia & Oceania Pte. Ltd. Mr. Mega presented each of the scholarship recipients with a certificate, and a representative of the recipients gave a short speech. "We would like to use this scholarship as inspiration to study even harder and equip ourselves to contribute to society after graduation."

Sumitomo Corporation will continue to support the growth of students who will lead Myanmar's development moving ahead through this scholarship program.

The Scholarship Awarding Ceremony at the Yangon Institute of Economics

Sumitomo Corporation Youth Challenge Program for the Revitalization of East Japan Holding the Fiscal 2014 Activity and Research Subsidy Startup Orientation

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 program has entered its third year of activities. In March 2014, we held a Startup Orientation at our Head Office as part of the fiscal 2014 activity and research subsidy. 49 organizations eligible for the subsidy in fiscal 2014 were invited for an orientation on the subsidy and a presentation of subsidiary certificates. There were also reports from organizations that received the subsidy in fiscal 2013.

Selection Committee Chairman Takeshi Jitsuyoshi, Director and Executive Secretary of the Kobe Empowerment Center, revealed some of the selection criteria during his post selection speech, saying that some activities had been questioned for "supporting disaster-stricken areas but not necessarily fulfilling the essential requirements of the Youth Challenge Program," while others were questioned for "fulfilling the Youth Challenge but having little to do with recovery from the disaster." He also pointed out that "As needs for support are changing after three years from the earthquake, some organizations are beginning to struggle with the direction of their programs; support activities are entering a challenging phase."

In fiscal 2014, high school students also became part of the program, kicking off by deepening youth exchanges among 90 people with similar ambitions. We have expectations of spreading our circle of support through the sensitivity and vitality that are distinctive qualities of young people.


Young people with their presented items, preparing to deepen their understanding through subsidized activities

Contributing to Local Communities All Over the World

■ Educational Support for Impoverished Areas in China

China's economy has grown remarkably in recent years, but even now there are students who have to give up on studying because of poverty. The Chinese government has made it a national project to prioritize supporting these impoverished areas and the Ministry of Foreign Affairs of China has been engaged in assistance efforts in Jinping and Malipo counties of Yunnan Province since 1992. Amid this climate, Sumitomo Corporation joined with the Ministry of Foreign Affairs of China to provide educational support for the impoverished areas in China's Yunnan Province from 2008, and has now decided to continue that support through to 2018. Over the next five years, 50 million yen in total will be donated to the Sumitomo Corporation Chinese Student Assistance Fund to maintain support for high school students from poor households so they may continue their studies.

In February 2014, we signed a second memorandum on such assistance with Chinese Ambassador to Japan Cheng Yonghua. "These are very meaningful activities and, on behalf of Jinping and Malipo counties and the Ministry of Foreign Affairs, I would like to express our heartfelt thanks for their continuation," Ambassador Cheng said.

Over the past five years the fund has helped 1,800 students go on to high school, 300 of whom have subsequently advanced to university. We hope that our activities supporting impoverished students with the ability and desire to learn and attend school, will lead to developing young human resources who will contribute to the development of local societies.

Chinese Ambassador to Japan Cheng Yonghua (center) at the signing ceremony

Activities as a Good Corporate Citizen

■ Supporting the Activities of the Junior Philharmonic Orchestra (JPO)

The 55th Sumitomo Corporation Young Symphony Concert was held in November 2013 at the Main Hall in the Alios Iwaki Performing Arts Center in Iwaki by the Fukushima TV (FTV) Junior Orchestra and the Junior Philharmonic Orchestra (JPO), which we have been supporting since 1992. This was the second charity concert to have been held in disaster-stricken areas following a performance in Natori City, Miyagi Prefecture in November 2012. The concert attracted 923 people, who enjoyed the show.

Sumitomo Corporation matched the proceeds from the sales of tickets to the concerts with a donation of the same amount to the Great East Japan Earthquake Fukushima Children's Fund, operated by Fukushima Prefecture.

On the day of the concert the orchestra played "Symphony No. 9 in E minor, From the New World" and the musical story "Totto Chan: The Little Girl at the Window," with an encore featuring everybody in attendance forming a choir to sing "Furusato."

One of the comments from the audience was: "This live performance reverberated through to the depths of my heart and was so wonderful it almost made me forget about continuing the life of an evacuee."


Members of the two junior orchestras perform

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

Section 4

Corporate Information

Business Operating Structure

Business Operating Structure

Directors, Corporate Auditors and Executive Officers

(As of July 1, 2014)

Takuro Kawahara	Toyosaku Hamada	Kazuo Ohmori	Kuniharu Nakamura	Shinichi Sasaki	Kazuhisa Togashi
Executive Vice President	Executive Vice President	Chairman	President and CEO	Executive Vice President	Executive Vice President

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
Hiroyuki Inohara*

Director
Michihiko Kanegae*

Director
Masahiro Fujita*

Director
Akio Harada*1

Director
Kazuo Matsunaga*1

Standing Corporate Auditor (Full-time)
Takahiro Moriyama

Corporate Auditor (Full-time)
Nobuhiko Yuki

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 of Americas Group; Director and President of Sumitomo Corporation of Americas

Naoki Hidaka
General Manager, Transportation & Construction Systems Business Unit

Hiroyuki Inohara
CFO; General Manager, Financial Resources Management Group

Masaru Nakamura
Responsible for Kansai Region; General Manager, Kansai Office

Michihiko Kanegae
General Manager, Environment & Infrastructure Business Unit

Hideki Iwasawa
Assistant General Manager, Human Resources, General Affairs & Legal Group

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

Managing Executive Officers

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

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

Kiyoshi Ogawa
General Manager, Internal Auditing Dept.

Masao Sekiuchi
Responsible for Chubu Region; General Manager, Chubu Office

Masato Sugimori
Assistant General Manager, Financial Resources Management Group; General Manager, Risk Management Dept.

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

Kimio Fukushima
Assistant General Manager, Transportation & Construction Systems Business Unit; General Manager, Automotive Division, No. 2

Hiroki Inoue
General Manager for East Asia; CEO of Sumitomo Corporation China Group; General Manager, Sumitomo Corporation (China) Holding Ltd.

Executive Officers

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
Assistant to General Manager, Corporate Planning & Coordination Group

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

Hirohiko Imura
General Manager, Food & Agriculture Business Division

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

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

Toshikazu Nambu
Assistant General Manager for the Americas; Executive Vice President and CFO of Sumitomo Corporation of Americas Group; Executive Vice President and CFO of Sumitomo Corporation of Americas

Masayuki Hyodo
General Manager, Corporate Planning & Coordination Dept.

Fumihiro Koba
General Manager, Steel Sheet & Construction Steel Products Division

Shoichi Kato
Representative Director, Chairman, Sumifru Corporation

Atsushi Shinohara
President and CEO, Jupiter Shop Channel Co., Ltd.

Shingo Ueno
General Manager, Energy Division

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

Michihiko Hosono
General Manager, Legal Dept.

Akira Tsuyuguchi
General Manager, Logistics & Insurance Business Division

Hiroyuki Takai
President, Sumitomo Corporation Global Research Co. Ltd.

Takeshi Saraoka
General Manager, Planning & Administration Dept., Mineral Resources, Energy, Chemical & Electronics Business Unit

Shuichi Suzuki
General Manager, Tubular Products Division

Hideo Ogawa
General Manager, Planning & Administration Dept., Media, Network, Lifestyle Related Goods & Services Business Unit

Daisuke Mikogami
Director, Executive Vice President, Jupiter Telecommunications Co., Ltd.

Shoichiro Oka
General Manager for South America; President of Sumitomo Corporation do Brasil S.A.

Organization

(As of July 1, 2014)

- 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 & Agriculture 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	41	Subsidiaries
6	Offices	25	Offices

Regional Subsidiaries

(As of July 1, 2014)

Region	Name of Subsidiary	Location
Japan	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 & Oceania 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
Africa	Sumitomo Corporation Africa Pty Ltd	Johannesburg
The Middle East	Sumitomo Corporation Middle East FZE	Dubai
	Sumitomo Corporation Iran, Ltd.	Teheran
	Sumitomo Corporation Dis Ticaret A.S.	Istanbul
	Sumitomo Corporation Saudi Arabia Ltd.	Riyadh
CIS	Sumitomo Corporation (Central Eurasia) LLC	Moscow
North America	Sumitomo Corporation of Americas	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, 2014)

EUROPE

London
Oslo
Prague
Warsaw
Milan
Madrid
Dusseldorf
Paris
Brussels

AFRICA

Algiers
Casablanca
Johannesburg
Nairobi
Dar es Salaam
Luanda
Antananarivo
Accra
Maputo

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:	**66 countries**
	41 Subsidiaries / 90 locations
	25 Offices / 25 locations
Total	**115 locations**

JAPAN:	
	Headquarters
	3 Subsidiaries / 9 locations
	6 Offices / 14 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

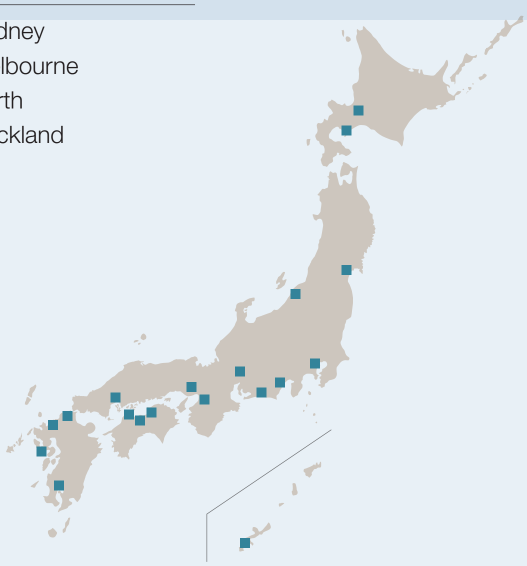
Beijing
Chengdu
Changchun
Wuhan
Shanghai
Suzhou
Tianjin
Dalian
Qingdao
Guangzhou
Shenzhen
Hong Kong
Ulaanbaatar
Taipei
Kaohsiung
Seoul
Busan

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
Recife
Quito
Caracas
Bogota
Lima
Buenos Aires
Santiago

Principal Subsidiaries and Associated Companies

(As of March 31, 2014)

Metal Products Business Unit

		Subsidiary/ Associated Company	Main Business
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.	Ass.	Shearing, slitting, and sale of steel sheets
	Nippon Katan Co., Ltd.	Sub.	Manufacture and sale of power line hardware
	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	Eastern Steel Industry Corporation (Cambodia)	Sub.	Manufacture and sale of galvanized steel sheets
	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 and slitting of steel plates and manufacture of metal stamping parts and dies
	P.T. Summit Electrical Steel Processing Indonesia (Indonesia)	Sub.	Core cutting, slitting, and sale of electrical 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 Metal (Thailand) Co., 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.
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 Machinery & Service Co., Ltd.	Sub.	Sales of equipment for automotive industries and factory automation products
	SC-ABeam Automotive Consulting	Sub.	Automotive industry-focused consulting
	SMBC Aviation 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, light assembly and sales for automotive components
	Fujiwa Machinery Industry (Kunshan) Co., Ltd. (China)	Ass.	Automotive components manufacturing and sales (brake disc, brake drum, knuckle, etc.)
	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.	Hire, rental, and sale of 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	SAS Automotive Services Co., Ltd. (Iraq)	Ass.	Toyota Authorized Service Station
	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
	Sumisho Aero Engine Lease B.V. (Netherlands)	Sub.	Aircraft engine lease
	Sumitec International, Ltd. (Russia)	Sub.	Sale and after-sales service of construction, mining and material handling equipment
	Summit Motors (Vladivostok) (Russia)	Sub.	Dealership of Toyota motor vehicles
	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, and other equipment
	Mazda de Mexico Vehicle Operation (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 Auto Group Holding, LLC (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)	Ass.	Motor vehicle leasing to corporate customers
Africa	Toyota Libya FZC (Libya)	Sub.	Import and wholesale of Toyota motor vehicles and parts

Environment & Infrastructure Business Unit

		Subsidiary/ Associated Company	Main Business
Japan	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 Insurance Corporation	Sub.	Agent for casualty insurance and life insurance
	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.	Power retail and wind power generation business in Japan
	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
	Shamal Az-Zour Al-Oula K.S.C. (Kuwait)	Ass.	Power generation and sea water desalination project company in Kuwait
	Sahara Cooling Limited (UAE)	Ass.	District cooling business in Abu Dhabi
	Shuweihat Asia Power Company PJSC (UAE)	Ass.	Power generation 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 a 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	Mesquite Creek Wind, LLC (U.S.)	Sub.	Development and management of wind power generation plant
	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

		Subsidiary/ Associated Company	Main Business

Media, Network, Lifestyle Related Goods & Services Business Unit

Japan	Barneys Japan Co., Ltd.	Ass.	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
	Ginza 6-chome Kaihatsu Tokutei Mokuteki Kaisha	Ass.	Development of mixed use project in the Ginza area
	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)
	Kato SC Asia Investment Co., Ltd.	Ass.	Supervision and management of overseas subsidiaries engaged in the wholesale distribution of food and consumer products
	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 Co., Ltd.	Ass.	Sugar refining
	REIBI CO., LTD.	Sub.	Facility management of buildings in Kansai region
	S.C.BUILDING SERVICE CO.,LTD.	Sub.	Facility management of buildings in Kanto 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 Airbag Systems Co., Ltd.	Sub.	Manufacture and sale of cushions for side curtain airbags
	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 Interior International Inc.	Sub.	Interior designing and installation, import and sale of furniture
	Sumisho Montblanc Co., Ltd.	Sub.	Processing and sale of work uniforms and related clothing products
	Sumisho Realty Management Co., Ltd.	Sub.	Asset management business of real estate
	SUMISHO TATEMONO CO., LTD.	Sub.	Sale and management of residential properties and 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
	TOMOD'S INC.	Sub.	Drugstore chain
	Yasato Kosan Co., Ltd.	Sub.	Owning and operating of golf course, Summit Golf Club (Ibaraki Pref.)
Asia	Sumisho E-commerce (Shanghai) Ltd. (China)	Sub.	Online retailer of food and household goods
	Sumitomo Corporation Equity Asia Limited (Hong Kong)	Sub.	Strategic venture investment in Asia
	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
	Sumisho E-Commerce Malaysia Sdn. Bhd. (Malaysia)	Sub.	Online retailer of food and household goods
	MobiCom Corporation LLC (Mongolia)	Ass.	Integrated telecommunication service in Mongolia
	SANYOU DRUGSTORES, LTD. (Taiwan)	Ass.	Drugstore chain in Taiwan
	Dunlop Tire Thailand Co., Ltd. (Thailand)	Ass.	Wholesale of tires to the replacement tire market in Thailand
	SHOP Global (Thailand) Co., Ltd. (Thailand)	Ass.	Development of multi-media retail business in Thailand
	CJ-SC GLOBAL MILLING LLC (Vietnam)	Ass.	Production, distribution, sales, and exports of wheat flour and flour pre-mix
	Ti ki Corporation (Vietnam)	Ass.	Online retailer of books and other goods
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/Moldova)
	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 Grain Pty Ltd (Australia)	Sub.	Grain accumulation, trading, and marketing and grain storage and port operation
	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 and 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
	Summit Pharmaceuticals China Ltd. (China)	Sub.	Drug discovery services, pharmaceutical development, and supply of active pharmaceutical ingredients, intermediates, and formulations
	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 and fertilizer 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 and 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
	LLC Russian Quartz (Russia)	Ass.	Manufacture and sale of high purity quartz
	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 the 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 the North Sea
	Summit Pharmaceuticals Europe Ltd. (U.K.)	Sub.	Drug discovery services, pharmaceutical development, and supply of active pharmaceutical ingredients, intermediates, and formulations
The Americas	Summit Agro Argentina S.A. (Argentina)	Sub.	Distribution of crop protection products in Argentina
	Minera San Cristobal S.A. (Bolivia)	Sub.	Mining of San Cristobal silver, zinc, and lead project in Bolivia
	Cosmotec International Especialidades Cosmeticas Ltda. (Brazil)	Sub.	Formulation and distribution of specialty ingredients and formulated solutions for the cosmetic and personal care markets
	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 Chile SpA. (Chile)	Sub.	Distribution of crop protection products 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 and 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 the San Cristobal Project in Bolivia and development and consulting service for new mining investment
	Summit Petrochemical Trading Inc. (U.S.)	Sub.	Distribution and trade of ethane and 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 the Ambatovy nickel mine in Madagascar
	Dynatec Madagascar S.A. (Madagascar)	Ass.	Processing and refining for the Ambatovy nickel project in Madagascar
	Oresteel Investments (Proprietary) Limited (South Africa)	Ass.	Investment in the Assmang iron ore and manganese mine in South Africa

		Subsidiary/ Associated Company	Main Business
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 and 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
	Summit Motors Ljubljana d.o.o. (Slovenia)	Sub.	Import and sale of Ford motor vehicles and parts and dealership
	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 the oil and gas 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
	Edgen Group Inc. (U.S.)	Sub.	Sales of specialized products for energy and infrastructure industry and tubular products for oil and gas industry
	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
	Oxford Finance LLC (U.S.)	Ass.	Specialty finance dedicated to the life science and health care industry
	Perennial Power Holdings Inc. (U.S.)	Sub.	Development, ownership, and management of power plant in the U.S.
	Pipeco Services, Inc (U.S.)	Sub.	Sales of tubular products for the oil and gas industry
	Premier Pipe LLC (U.S.)	Sub.	Sales of tubular products for the oil and gas industry
	Pyramid Tubular Products, L.P. (U.S.)	Ass.	Sales of tubular products for the 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
	SMS International Corporation (U.S.)	Sub.	Holding and management company of Komatsu distributor and other business
	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 Solar Americas, Inc. (U.S.)	Sub.	Development and management of solar power generation plant
	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
	TKOS I, LLC (U.S.)	Sub.	Office building leasing
	TKOS II, LLC (U.S.)	Sub.	Office building leasing
	Tubular Solutions Alaska, LLC (U.S.)	Sub.	Sales of tubular products for the oil and gas industry
	Unique Machine, LLC (U.S.)	Sub.	Threading and processing of tubular products for the oil and gas industry
	VAM USA, LLC (U.S.)	Ass.	Threading and processing of tubular products for the 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 Corporation Global Research Co. Ltd.	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

Principal Subsidiaries and Associated Companies Contributing to Consolidated Results

(Billions of yen)

	Shares in equity (End of FY2013) (%)	Main business	FY2012 equity in earnings	FY2013 equity in earnings
Metal Products Business Unit				
ERYNGIUM Ltd.*1	*100.00	Manufacture, processing, and distribution of speciality metals for OCTG market	4.5	4.8
SC Pipe Services Inc.	100.00	Investment in pipe manufacturing and sales company in the U.S.	2.6	2.8
Sumisho Metalex Corporation	*100.00	Sale of non-ferrous metal products and materials for home heat solution	1.1	1.4
Edgen Group Inc.	*100.00	Sale of specialized products for energy and infrastructure industry and tubular products for oil and gas industry	–	0.2
Transportation & Construction Systems Business Unit				
Sumitomo Mitsui Finance and Leasing Company, Limited	*40.00	Finance and lease	14.8	17.1
P.T. Oto Multiartha*2,3	*100.00	Financing of automobiles	3.2	4.2
Sumitomo Mitsui Auto Service Company, Limited	46.00	Leasing of motor vehicles	4.1	4.0
P.T. Summit Oto Finance*2,3	*100.00	Financing of motorcycles	1.5	3.0
Environment & Infrastructure Business Unit				
Sumisho Global Logistics Co., Ltd.	*100.00	Global logistics provider	1.2	1.4
Sumisho Machinery Trade Corporation	*100.00	Trading of machinery, equipment, and automobiles in Japan	1.2	1.3
Perennial Power Holdings Inc.	*100.00	Development, ownership, and management of power plants in the U.S.	2.0	1.1
Media, Network & Lifestyle Related Goods & Services Business Unit				
Jupiter Telecommunications Co., Ltd. (J:COM)*4,5	50.00	Operation of multiple cable TV systems (MSO) and channels (MCO)	18.1	31.6
SCSK Corporation	50.79	System integration, IT infrastructure implementation and IT management	9.4	7.4
Jupiter Shop Channel Co., Ltd.*6	50.00	Operation of TV shopping channel	8.3	7.0
2 companies in the banana business	*–	Import and sale of fruits and vegetables	(0.4)	1.6
MobiCom Corporation LLC*2	33.98	Integrated telecommunication service in Mongolia	1.6	1.1
Summit, Inc.	*100.00	Supermarket chain	1.1	0.9
Grain business companies in Australia	*–	Grain accumulation and investment in grain storage and export terminal operating business	0.7	0.9
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"	0.9	0.9
TBC Corporation	*100.00	Retail and wholesale of tires	0.8	(3.0)
Mineral Resources, Energy, Chemical & Electronics Business Unit				
Oresteel Investments (Proprietary) Limited	*49.00	Investment in the Assmang iron ore and manganese mine in South Africa	9.5	15.9
2 silver, zinc, and lead business companies in Bolivia*2	*100.00	Investment in silver, zinc, and lead mines operating and ore concentrate sales companies in Bolivia	12.4	5.4
SC Minerals America, Inc.	*100.00	Investment in the Morenci copper mine and the Pogo gold mine in the U.S. and the Candelaria and Ojos del Salado copper mines in Chile	4.3	5.4
LNG Japan Corporation	50.00	Trading of LNG and investment and financing related to LNG business	5.5	5.1
Iron ore mining business in Brazil	*–	Iron ore mining business in Brazil	6.9	5.1
SMM Cerro Verde Netherlands B.V.	20.00	Investment in the Cerro Verde copper mine in Peru	2.4	2.4
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	3.2	2.4
Sumitomo Shoji Chemicals Co., Ltd.	*100.00	Sale and trade of chemicals and plastics	1.3	1.5
Sumitronics Corporation	100.00	Electronics manufacturing service	0.6	1.2
SC Mineral Resources Pty. Ltd.	*100.00	Investment in the Northparkes copper mine in Australia	1.1	1.2
Nusa Tenggara Mining Corporation	74.28	Investment in and financing of the Batu Hijau copper/gold mine project in Indonesia	(0.7)	4.0
Nickel mining and refining business in Madagascar	–	Investment in and financing of the Ambatovy nickel mining project in Madagascar	(0.8)	(1.1)
Companies related to coal business in Australia	*–	Investment in coal mines in Australia	1.4	(26.7)
Overseas*7				
Americas	–	Export, import, and wholesale	27.8	21.0
Europe, Middle East, Africa & CIS	–	Export, import, and wholesale	9.0	11.1
Asia & Oceania	–	Export, import, and wholesale	8.6	4.9
East Asia	–	Export, import, and wholesale	2.4	4.3

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) We changed our consolidating periods. The results show equity in earnings of Jan.–Dec. 2012 for FY2012 and Jan.–Dec. 2013 for FY2013.
(*2) We changed our consolidating periods. The results show equity in earnings of Jan.–Dec. 2012 for FY2012 and Apr. 2013–Mar. 2014 for FY2013.
(*3) In March 2013, our shares in P.T. Oto Multiartha and P.T. Summit Oto Finance increased to 100%.
(*4) Our shares in Jupiter Telecommunications increased to 50% according to business restructuring.
(*5) As Jupiter Telecommunications merged with Japan Cablenet (JCN) in December 2013, the equity in earnings of FY2012 and FY2013 were calculated by adding consolidation adjustments.
(*6) At the end of July 2012, we sold 50% of our shares in Jupiter Shop Channel to Bain Capital Group.
(*7) We have regrouped all of our overseas regional organizations into four broad regions, namely, "Americas," "Europe, Middle East, Africa & CIS," "East Asia" and "Asia & Oceania."

Corporate Profile

(As of March 31, 2014)

- **Company Name:** Sumitomo Corporation
- **Date of Establishment:** December 24, 1919
- **Sumitomo Corporation Shareholders' Equity:** ¥2,404.7 billion
- **Fiscal Year:** From April 1 of each year through March 31 of the following year
- **Number of Consolidated Subsidiaries:** 606 (Overseas 488, Domestic 118)
- **Associated Companies [equity method]:** 254 (Overseas 200, Domestic 54)
- **Total:** 860
- **Number of Employees:** Total, including Consolidated Subsidiaries 74,638
  Non-consolidated 5,228
- **Headquarters:** 1-8-11, Harumi, Chuo-ku, Tokyo 104-8610, Japan
- **URL:** http://www.sumitomocorp.co.jp/english/

Stock Information

(As of April 1, 2014)

- **Stock Listings:** Tokyo, Nagoya, Fukuoka
- **American Depository Receipts:**
  - **Ratio:** 1ADR:1ORD
  - **Exchange:** OTC (Over-the-Counter)
  - **Symbol:** SSUMY
  - **CUSIP Number:** 865613103
- **Depository and Registrar:** Citibank, N.A. 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

■ **Number of Issued Shares:** 1,250,602,867 (including 2,963,171 treasury shares)

■ **Number of Shareholders:** 157,177

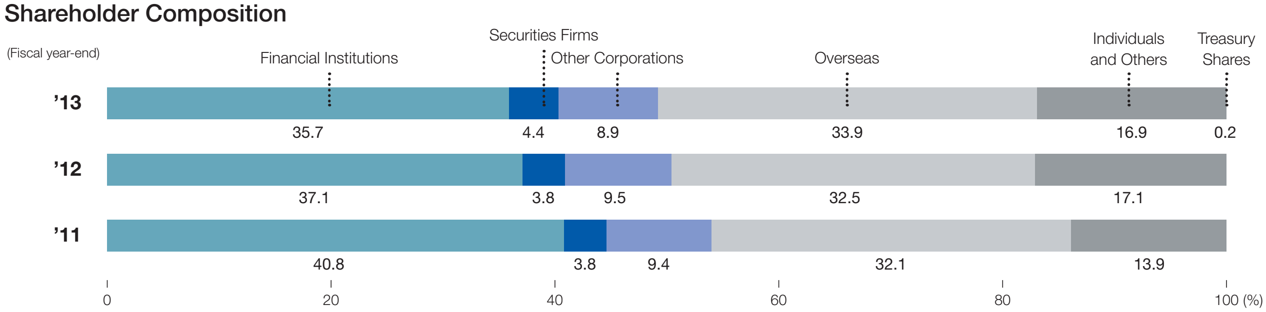
■ Major Shareholders

(As of March 31, 2014)

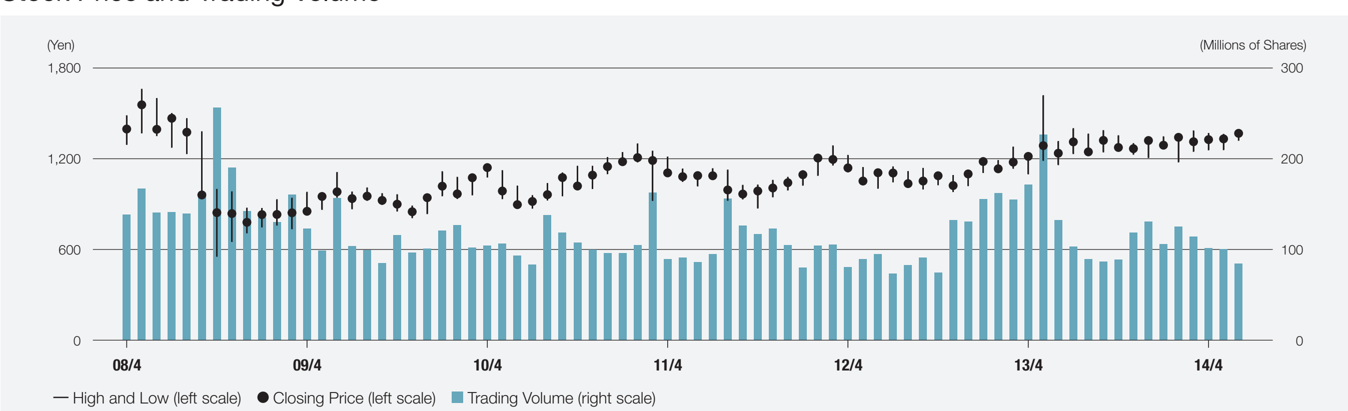
Name	Number of Shares (In Thousands of Shares)	Shareholding Ratio (%)
1 The Master Trust Bank of Japan, Ltd. (trust account)	74,287	5.95
2 Japan Trustee Services Bank, Ltd. (trust account)	58,686	4.70
3 Liberty Programming Japan, Inc.	45,652	3.66
4 Sumitomo Life Insurance Company	30,855	2.47
5 Mitsui Sumitomo Insurance Company, Limited	27,227	2.18
6 JP Morgan Chase Bank 385632	22,031	1.77
7 Barclays Securities Japan Limited	20,000	1.60
8 Japan Trustee Services Bank, Ltd. (trust account 9)	16,766	1.34
9 The Dai-ichi Life Insurance Company, Limited	15,889	1.27
10 Nippon Life Insurance Company	15,705	1.26

Note: The shareholding ratio is calculated by dividing the number of shares held by the number of shares outstanding—which is derived by deducting treasury stock (2,963,171 shares) from the total number of issued shares—and rounding to the nearest hundredth of a percent.

■ Shareholder Composition



Stock Price and Trading Volume



		13/4	5	6	7	8	9	10	11	12	14/1	2	3	4	5	6
Stock Price (Yen)	Closing Price	1,216	1,287	1,237	1,312	1,246	1,322	1,275	1,267	1,321	1,290	1,342	1,313	1,327	1,332	1,368
	High	1,240	1,616	1,313	1,398	1,362	1,385	1,351	1,299	1,322	1,344	1,349	1,383	1,366	1,360	1,377
	Low	1,101	1,190	1,162	1,235	1,246	1,246	1,273	1,231	1,209	1,266	1,180	1,250	1,260	1,261	1,323
Trading Volume (in Thousands of Shares)		171,431	226,762	132,457	103,431	89,420	86,624	88,738	118,508	130,516	105,856	124,972	114,223	101,564	100,408	84,304

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

■ For further information contact

Sumitomo Corporation
Investor Relations Department
Telephone: +81 (3)-5166-3471
Facsimile: +81 (3)-5166-6292
email: ir@sumitomocorp.co.jp

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 five industry-based business segments and two sets of regional operations (domestic and overseas). Our industry-based business segments are:

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

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 five 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 7 business units into 5 business units. In April 2014, we eliminated the Kansai Regional Business Unit and the Chubu Regional Business Unit, and the business departments constituting the above two regional business units were incorporated into organizations under headquarters business units and divisions.

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, 2014. Accordingly, they are inherently susceptible to uncertainties and changes in circumstances and are not guarantees of future performance.

In April 2013 we launched our two-year medium-term management plan for fiscal 2013 and 2014, "Be the Best, Be the One 2014 (BBBO 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 2019. With a view to realizing this vision, we are positioning the first two years, during which we will be implementing BBBO 2014, as the stage of heading for an even higher level of profit growth by thoroughly enhancing our earning power.

Under BBBO 2014, while promoting the working of our corporate metabolism in replacing old with new from a medium- to 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, by boosting our business investment management power, strengthening the foundations of our overseas regional organizations, maintaining financial soundness, and developing and utilizing the human resources we need, we will evolve our management base into a stronger one in support of our earning power.

In fiscal 2013, the first year of BBBO 2014, metal products, transportation and construction systems, and other non-mineral resource businesses showed robust performance in quantitative terms, but in our mineral resource businesses, we felt the impact of lower prices, and at the end of the fiscal year we booked impairment losses of ¥27.7 billion in our Australian coal business; as a result, our profit for the year attributable to owners of the parent was ¥223.1 billion. For fiscal 2014, in our non-mineral resource businesses, we can expect to see contributions to earnings from businesses in which we invested in recent years, such as Edgen Group, a global distributer of metal and tubular products for energy industry, along with ongoing strength in the businesses forming our pillars of earnings. In our mineral resource businesses, we expect the business environment to continue to be difficult as a result of weakness in mineral resource prices, along with up-front expenses relating to large-scale investments like the Ambatovy Nickel Project. In view of these circumstances, we have set our target for profit for the year attributable to owners of the parent in fiscal 2014 at ¥250 billion.

3. Economic Environment

During the period under review (fiscal 2013, i.e., April 1, 2013, through March 31, 2014), on the global economic front, the United States kept up its strong performance, and Europe finally emerged from the worst phase of its downturn, but vigor was lacking in China, Russia, and other emerging countries, and the recovery was only gradual. International commodity markets found it hard to establish their direction in the face of the tapering of quantitative easing in the United States and the softness of demand.

In the Japanese economy, moves toward recovery spread, with consumer spending and capital investment picking up thanks to the improvement in economic sentiment and corporate performance reflecting the correction of the overvalued yen and higher stock prices; as the end of the fiscal year approached, increased demand was seen in advance of the April 2014 consumption tax hike.

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, 2014, sales of services and others accounted for 17.8% of our total revenues, and the gross profit from sales of services and others accounted for 49.0% 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 include 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, Net. 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.

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.

Remeasurements of Defined Benefit Pension Plans. The Companies recognize remeasurements of the net defined benefit liability (asset) in other comprehensive income.

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.

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.

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 carry forwards 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, 2014 Compared to Fiscal Year Ended March 31, 2013

Total Revenues. Total revenues totaled ¥3,317.4 billion, representing an increase of ¥301.2 billion, or 10.0%, from ¥3,016.2 billion in the previous year. This was attributable in part to factors such as the yen's depreciation, and to new consolidation of equipment rental companies in the U.S.

Gross Profit. Gross profit totaled ¥894.4 billion, up by ¥67.4 billion, or 8.1%, from ¥827.0 billion in the previous year. This was due to factors such as new consolidation of equipment rental companies in the U.S. while there was a decline in profit at San Cristobal silver-zinc-lead mining project in Bolivia.

Selling, General and Administrative Expenses. Selling, general and administrative expenses totaled ¥706.4 billion, an increase of ¥49.3 billion, or 7.5%, from ¥657.1 billion in the previous year. This was owing mainly to the yen's depreciation, and to new consolidation of equipment rental companies in the U.S.

Impairment losses on long-lived assets. Impairment losses on long-lived assets totaled ¥31.4 billion, up by ¥15.4 billion, or 96.3%, from ¥16.0 billion in the previous year. This was owing mainly to impairment losses on Isaac Plains, a coal-mining project in Australia.

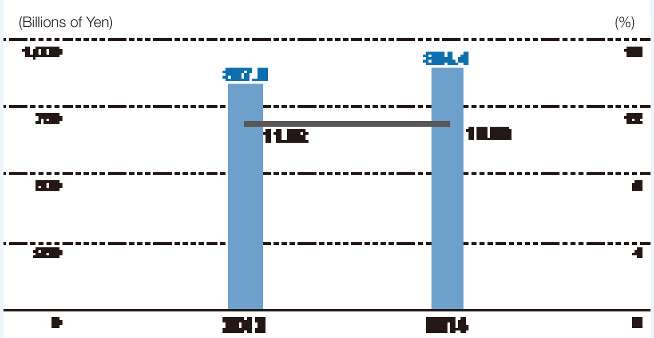
Gain (loss) on securities and other investments, net. Gain (loss) on securities and other investments, net totaled ¥8.8 billion, down by ¥42.7 billion, or 82.9%, from ¥51.5 billion in the previous year. This was owing mainly to a gain resulting from selling part of our holding in Jupiter Shop Channel Co., Ltd. in the previous year.

Share of profit of investments accounted for using the equity method. Share of profit of investments accounted for using the equity method totaled ¥126.2 billion, an increase of ¥18.8 billion, or 17.5%, from ¥107.4 billion in the previous year. This was attributable to factors such as rises in the earnings of Group companies in non-mineral resource fields.

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 ¥223.1 billion, representing a decline of ¥9.4 billion, or 4.0%, from ¥232.5 billion in the previous year.

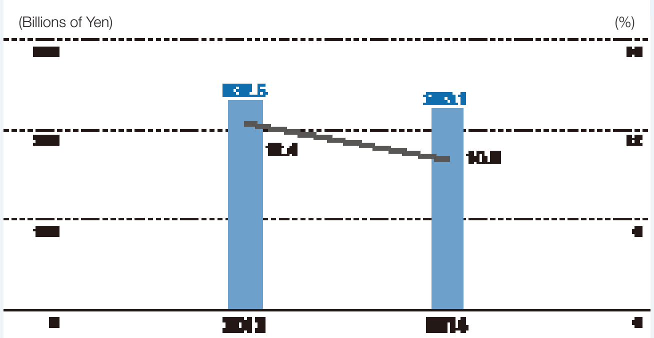
Comprehensive income for the year attributable to owners of the parent. Comprehensive income for the year attributable to owners of the parent totaled ¥411.5 billion, down by ¥28.3 billion, or 6.4%, from ¥439.8 billion in the previous year. This was due primarily to factors such as decrease in profit for the year attributable to owners of the parent, and a decrease in exchange differences on translating foreign operations, while there was an increase in financial assets measured at fair value through other comprehensive income.

Gross Profit & Gross Profit Ratio (Gross Profit / Total Trading Transactions)



■ Gross Profit (left)
— Gross Profit Ratio (right)

Profit for the Year Attributable to Owners of the Parent & Return on Equity



■ Profit for the Year Attributable to Owners of the Parent (left)
— Return on Equity (right)

7. Operating Segment Analysis

We manage and assess our business using seven operating segments, including five operating segments based on industries and two operating segments based on a geographical focus.

We conduct our business using five business segments based on industries, including: Metal Products; Transportation & Construction Systems; Environment & Infrastructure; Media, Network, Lifestyle Related Goods & Services; Mineral Resources, Energy, Chemical & Electronics.

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 region*[1]. Our overseas operations are conducted by our overseas subsidiaries, such as Sumitomo Corporation of America*[2], 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, 2014 and 2013.

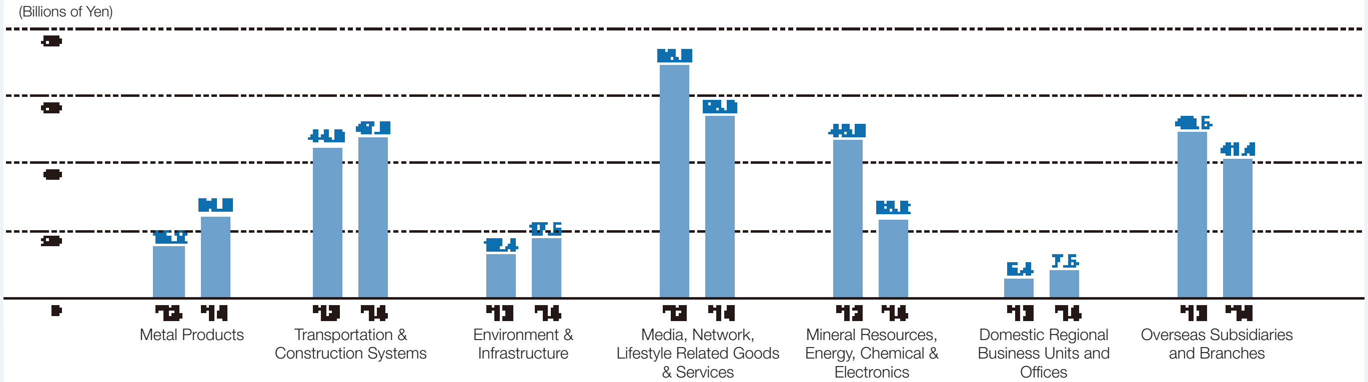
Breakdown of Gross Profit by Operating Segment

	Billions of Yen				Millions of U.S. Dollars
For the years ended March 31, 2014 and 2013	**2014**	2013	Increase/ decrease	Increase/ decrease	**2014**
Metal Products	**¥ 82.7**	¥ 65.2	¥17.5	26.8%	**$ 803**
Transportation & Construction Systems	**121.4**	120.3	1.1	0.9	**1,179**
Environment & Infrastructure	**57.2**	54.0	3.2	5.9	**555**
Media, Network, Lifestyle Related Goods & Services	**278.4**	281.2	(2.8)	(1.0)	**2,703**
Mineral Resources, Energy, Chemical & Electronics	**76.9**	85.6	(8.7)	(10.2)	**746**
Domestic Regional Business Units and Offices	**39.9**	38.2	1.7	4.5	**388**
Overseas Subsidiaries and Branches	**244.6**	184.8	59.8	32.4	**2,374**
Segment Total	**901.1**	829.3	71.8	8.7	**8,748**
Corporate and Eliminations	**(6.7)**	(2.3)	(4.4)	(191.3)	**(64)**
Consolidated	**¥894.4**	¥827.0	¥67.4	8.1%	**$8,684**

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, 2014 and 2013	**2014**	2013	Increase/ decrease	Increase/ decrease	**2014**
Metal Products	**¥ 24.0**	¥ 15.2	¥ 8.8	57.9 %	**$ 233**
Transportation & Construction Systems	**47.8**	44.8	3.0	6.7	**464**
Environment & Infrastructure	**17.5**	12.4	5.1	41.1	**170**
Media, Network, Lifestyle Related Goods & Services	**53.6**	68.9	(15.3)	(22.2)	**520**
Mineral Resources, Energy, Chemical & Electronics	**23.2**	46.9	(23.7)	(50.5)	**225**
Domestic Regional Business Units and Offices	**7.5**	5.4	2.1	38.9	**73**
Overseas Subsidiaries and Branches	**41.4**	48.5	(7.1)	(14.6)	**402**
Segment Total	**215.0**	242.1	(27.1)	(11.2)	**2,087**
Corporate and Eliminations	**8.1**	(9.6)	17.7	—	**79**
Consolidated	**¥223.1**	¥232.5	¥ (9.4)	(4.0)%	**$2,166**

Profit for the Year Attributable to Owners of the Parent by Operating Segment



*1 In April 2014, the Kansai Regional Business Unit and the Chubu Regional Business Unit were abolished and the Kansai Regional Main Office and the Chubu Regional Main Office were newly established because the business departments constituting the above two regional business units were incorporated into organizations under headquarters business units and divisions. Also, the Kyushu-Okinawa Regional Business Unit was abolished and the Kyushu Regional Main Office was newly established. We reviewed our operating segments, and reorganized into five segments based on industries and Overseas Subsidiaries and Branches from FY2014.

*2 In April 2014, the trade name of "Sumitomo Corporation of America" was changed to "Sumitomo Corporation of Americas."

Fiscal Year Ended March 31, 2014 Compared to Fiscal Year Ended March 31, 2013

Metal Products

Gross profit totaled ¥82.7 billion, an increase of ¥17.5 billion, or 26.8%, from ¥65.2 billion in the previous year. This was attributable to factors such as robust performances by tubular products business in North America and the operations of steel service centers, in addition to new consolidation of Edgen Group. Profit for the year attributable to owners of the parent totaled ¥24.0 billion yen, an increase of ¥8.8 billion, or 57.9%, from ¥15.2 billion in the previous year.

Transportation & Construction Systems

Gross profit totaled ¥121.4 billion, an increase of ¥1.1 billion, or 0.9%, from ¥120.3 billion in the previous year. Profit for the year attributable to owners of the parent totaled ¥47.8 billion, an increase of ¥3.0 billion, or 6.7%, from ¥44.8 billion in the previous year. This was attributable to factors such as a steady performance of automobile financing business in Asia, and the performance of an aircraft leasing business contributed to this segment.

Environment & Infrastructure

Gross profit totaled ¥57.2 billion, an increase of ¥3.2 billion, or 5.9%, from ¥54.0 billion in the previous year. Profit for the year attributable to owners of the parent totaled ¥17.5 billion, an increase of ¥5.1 billion, or 41.1%, from ¥12.4 billion in the previous year. There was a gain resulting from the sales of some projects, in addition to the ongoing stable performance by overseas electric power infrastructure business.

Media, Network, Lifestyle Related Goods & Services

Gross profit totaled ¥278.4 billion, a decrease of ¥2.8 billion, or 1.0%, from ¥281.2 billion in the previous year. Profit for the year attributable to owners of the parent totaled ¥53.6 billion, a decrease of ¥15.3 billion, or 22.2%, from ¥68.9 billion in the previous year. Although this segment was boosted by stable performances by major Group companies in Japan, there was a gain resulting from selling partial share of Jupiter Shop Channel Co., Ltd. in the previous fiscal year.

Mineral Resources, Energy, Chemical & Electronics

Gross profit totaled ¥76.9 billion, a decrease of ¥8.7 billion, or 10.2%, from ¥85.6 billion in the previous year. This was due mainly to a decline in profits at San Cristobal silver-zinc-lead mining project in Bolivia and coal-mining project in Australia. Profit for the year attributable to owners of the parent totaled ¥23.2 billion, a decrease of ¥23.7 billion, or 50.5%, from ¥46.9 billion in the previous year. Although profit of iron ore mining business increased, this was attributable to decline in profits at San Cristobal silver-zinc-lead mining project in Bolivia and impairment losses on Isaac Plains, a coal-mining project in Australia.

Domestic Regional Business Units and Offices

Gross profit totaled ¥39.9 billion, an increase of ¥1.7 billion, or 4.5%, from ¥38.2 billion in the previous year. Profit for the year attributable to owners of the parent totaled ¥7.5 billion, an increase of ¥2.1 billion, or 38.9%, from ¥5.4 billion in the previous year. This was due mainly to a robust performance of metal products business.

Overseas Subsidiaries and Branches

Gross profit totaled ¥244.6 billion, an increase of ¥59.8 billion, or 32.4%, from ¥184.8 billion in the previous year. This was due mainly to new consolidation of Edgen Group. Profit for the year attributable to owners of the parent totaled ¥41.4 billion, a decrease of ¥7.1 billion, or 14.6%, from ¥48.5 billion in the previous year. This was attributable to decline in performance by tire business in the U.S. and to impairment losses on Isaac Plains.

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, 2014, we had ¥4,238.9 billion of bonds and borrowings. Our short-term debt, excluding current maturities of long-term debt, was ¥411.0 billion, an increase of ¥88.9 billion from the previous year. Our short-term debt consisted of ¥316.9 billion of loans, principally from banks, and ¥94.0 billion of commercial paper.

As of March 31, 2014, we had bonds and long-term debt of ¥3,828.0 billion, an increase of ¥288.7 billion from the previous year, including current maturities of ¥465.4 billion. As of March 31, 2014, the balance of our borrowings from banks and insurance companies was ¥3,341.8 billion, an increase of ¥306.6 billion from the previous year, and the balance of notes and bonds was ¥486.2 billion, a decrease of ¥17.9 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, 2014, 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, including ¥100 billion multi- currency facility; 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, 2014, 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.

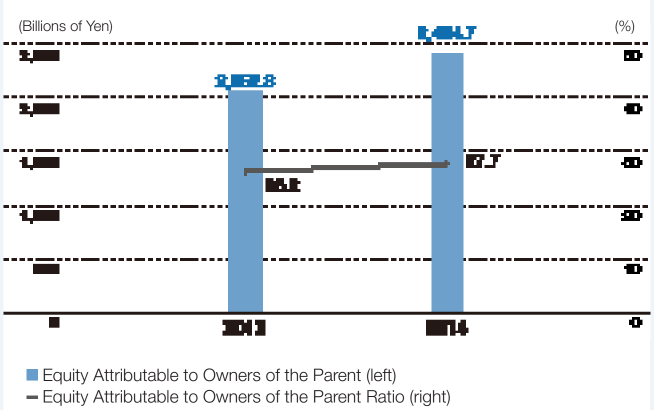
As of March 31, 2014, total assets stood at ¥8,668.7 billion, representing an increase of ¥836.0 billion from the previous fiscal year-end. Key factors causing the net increase were the acquisition of Edgen Group, and the yen's depreciation.

As of March 31, 2014, equity attributable to owners of the parent totaled to ¥2,404.7 billion, an increase of ¥351.9 billion from the previous fiscal year-end, due primarily to an increase in retained earnings and the yen's depreciation. The ratio of equity attributable to owners of the parent to total assets was 27.7%. Meanwhile interest-bearing liabilities (net) rose by ¥193.1 billion from the previous fiscal year-end, to ¥3,123.5 billion. Consequently, the net debt-equity ratio (Interest-bearing liabilities (net)/Equity attributable to owners of the parent) was 1.3.

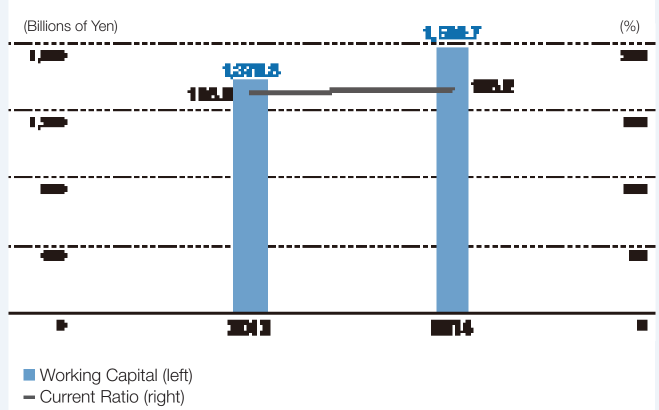
Liquidity and Capital Resources

	Billions of Yen		Millions of U.S. Dollars
As of March 31, 2014 and 2013	**2014**	2013	**2014**
Short-term	**¥ 411.0**	¥ 322.1	**$ 3,990**
Loans, principally from banks	**316.9**	223.4	**3,077**
Commercial paper	**94.0**	98.6	**913**
Long-term, including current maturities of long-term debt	**3,828.0**	3,539.3	**37,165**
Secured long-term debt			
Loans	**432.6**	453.8	**4,200**
Bonds	**46.7**	52.6	**453**
Unsecured long-term debt			
Loans	**2,909.2**	2,581.4	**28,244**
Bonds and notes	**439.5**	451.5	**4,268**
Interest-bearing liabilities (gross)	**4,238.9**	3,861.4	**41,154**
Cash and cash equivalents & time deposits	**1,115.5**	931.1	**10,830**
Interest-bearing liabilities (net)	**3,123.5**	2,930.3	**30,325**
Total assets	**8,668.7**	7,832.8	**84,163**
Equity attributable to owners of the parent	**2,404.7**	2,052.8	**23,346**
Equity attributable to owners of the parent ratio (%)	**27.7**	26.2	**27.7**
Debt-Equity Ratio (gross) (times)	**1.8**	1.9	**1.8**
Debt-Equity Ratio (net) (times)	**1.3**	1.4	**1.3**

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, 2014, and 2013:

Summary Statements of Consolidated Cash Flows

For the years ended March 31, 2014 and 2013	Billions of Yen 2014	Billions of Yen 2013	Millions of U.S. Dollars 2014
Net cash from operating activities	**¥ 278.2**	¥ 280.3	**$ 2,702**
Net cash used in investing activities	**(249.9)**	(186.2)	**(2,426)**
Free cash flow	**28.4**	94.1	**276**
Net cash from (used in) financing activities	**145.9**	(24.7)	**1,416**
Net (decrease) increase in cash and cash equivalents	**174.3**	69.4	**1,692**
Cash and cash equivalents at the beginning of year	**924.5**	821.9	**8,976**
Effect of exchange rate changes on cash and cash equivalents	**12.4**	33.2	**120**
Cash and cash equivalents at the end of year	**¥1,111.2**	¥ 924.5	**$10,788**

Net cash provided by operating activities totaled ¥278.2 billion, as our core businesses performed well in generating cash.

Net cash used in investing activities was ¥249.9 billion. In this fiscal year, we acquired Edgen Group and made investments in existing mineral resources projects.

As a result, free cash flow, calculated as net cash provided by operating activities plus net cash used in investing activities, totaled ¥28.4 billion inflow.

Net cash provided by financing activities was ¥145.9 billion.

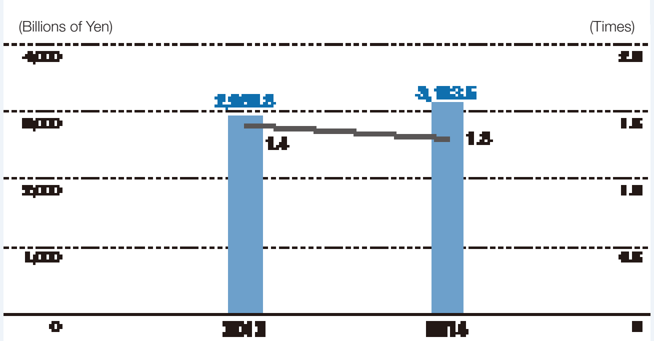
As a result, cash and cash equivalents as of March 31, 2014 increased by ¥186.7 billion from March 31, 2013 to ¥1,111.2 billion.

As of March 31, 2014, our contractual cash obligations for the periods indicated were as follows:

Payments Due by Period

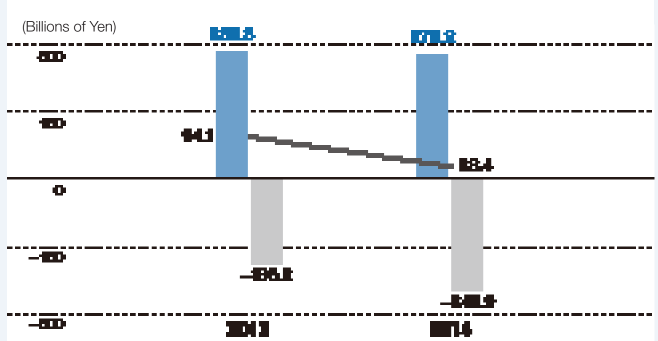
	Billions of Yen: Bonds and borrowings	Billions of Yen: Non-cancelable operating leases
Less than 1 year	¥ 876.4	¥ 48.3
1–2 years	457.2	39.1
2–3 years	567.0	35.0
3–4 years	463.4	32.6
4–5 years	363.3	30.4
More than 5 years	1,511.6	213.2
Total	¥4,238.9	¥398.6

Interest-Bearing Liabilities (Net) & Debt-Equity Ratio (Net)



Interest-Bearing Liabilities (Net) (left)
Debt-Equity Ratio (Net) (right)

Cash Flows



Net Cash from Operating Activities
Net Cash used in Investing Activities
Free Cash Flow

As of March 31, 2014, we had financing commitments in the aggregate amount of ¥139.7 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 ¥1,105.3 billion as of March 31, 2014. Scheduled deliveries are at various dates through 2025.

As of March 31, 2014, 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 ¥196.7 billion in property, plant and equipment and made ¥124.4 billion of other investments in the fiscal year ended March 31, 2014. 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, 2014, we were contingently liable for guarantees (continuing through 2039) in the aggregate amount of ¥254.2 billion, including ¥144.2 billion relating to our associated companies and ¥0.9 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 2027 in the aggregate amount of ¥7.5 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, 2014.

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 ("Bolivia"), received a correction notice relating to its withholding tax returns, from Bolivian Tax Authority. MSC has appealed to the Supreme Court for the revocation of corrected amount of tax payment order ($133.5 million) issued by General Authority of Taxes. In addition, MSC has offered the appropriate fixed assets as a collateral in accordance with the procedure stipulated in the related Bolivian law.

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, 2014, 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 9	Financial Instruments	TBD (available for application)*	TBD*	New requirements for general hedge accounting
IFRS 10	Consolidated Financial Statements	January 1, 2014	March 31, 2015	Definition of an investment entity and exception to consolidation
IFRS 11	Joint Arrangements	January 1, 2016	March 31, 2017	Accounting for acquisitions of interests in joint operations
IFRS 12	Disclosure of Interests in Other Entities	January 1, 2014	March 31, 2015	Disclosure requirements for interests in unconsolidated subsidiaries of investment entities
IFRS 15	Revenue from Contracts with Customers	January 1, 2017	March 31, 2018	Establishment of accounting for revenue recognition that applies to contracts with customers
IAS 16	Property, Plant and Equipment	January 1, 2016	March 31, 2017	Clarification of acceptable methods of depreciation
IAS 19	Employee Benefits	July 1, 2014	March 31, 2016	Clarification of the requirements for contributions from employees or third parties to defined benefit plans
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, 2014	March 31, 2015	Presentation of offsetting financial assets and financial liabilities
IAS 38	Intangible Assets	January 1, 2016	March 31, 2017	Clarification of acceptable methods of amortisation
IAS 39	Financial Instruments: Recognition and Measurement	January 1, 2014	March 31, 2015	Novation of derivatives and continuation of hedge accounting
IFRIC 21	Levies	January 1, 2014	March 31, 2015	Accounting for a liability to pay a levy

* The mandatory effective date of IFRS 9 is pending the finalization of the classification and measurement and impairment requirements.

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 hedging 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, 2014, we had fair value exposure on our marketable equity securities in the aggregate amount of ¥347.7 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 physical precious and base metals, energy products and agricultural products, and certain financial transactions. See "Notes to 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, 2014 and 2013

	Millions of Yen		Millions of U.S. Dollars
ASSETS	**2014**	2013	**2014**
Current assets:			
Cash and cash equivalents	**¥1,111,192**	¥ 924,513	**$10,788**
Time deposits	**4,283**	6,551	**42**
Marketable securities (Note 6)	**33,683**	29,653	**327**
Trade and other receivables (Note 7)	**1,549,363**	1,470,942	**15,042**
Other financial assets	**44,591**	55,718	**433**
Inventories (Note 10)	**872,030**	770,450	**8,467**
Advance payments to suppliers	**136,357**	125,805	**1,324**
Other current assets (Note 16)	**187,999**	163,224	**1,825**
Total current assets	**3,939,498**	3,546,856	**38,248**
Non-current assets:			
Investments accounted for using the equity method (Note 11)	**1,683,829**	1,490,565	**16,348**
Other investments (Note 6)	**510,450**	520,962	**4,956**
Trade and other receivables (Note 7)	**722,064**	664,086	**7,011**
Other financial assets	**115,633**	97,090	**1,123**
Property, plant and equipment (Note 12)	**921,157**	821,981	**8,943**
Intangible assets (Note 13)	**367,906**	279,809	**3,572**
Investment property (Note 14)	**256,602**	263,982	**2,491**
Biological assets (Note 15)	**12,993**	11,259	**126**
Prepaid expenses	**46,195**	46,739	**448**
Deferred tax assets (Note 16)	**92,411**	89,428	**897**
Total non-current assets	**4,729,240**	4,285,901	**45,915**
Total assets (Note 4)	**¥8,668,738**	¥7,832,757	**$84,163**

LIABILITIES AND EQUITY	Millions of Yen 2014	Millions of Yen 2013	Millions of U.S. Dollars 2014
Current liabilities:			
Bonds and borrowings (Note 17)	**¥ 876,379**	¥ 695,665	**$ 8,509**
Trade and other payables (Note 18)	**1,076,713**	1,080,699	**10,453**
Other financial liabilities	**43,790**	60,187	**425**
Income tax payables	**25,414**	19,796	**247**
Accrued expenses	**106,796**	101,490	**1,037**
Advances from customers	**168,412**	157,408	**1,635**
Provisions (Note 19)	**6,230**	6,287	**60**
Other current liabilities	**66,090**	55,053	**642**
Total current liabilities	**2,369,824**	2,176,585	**23,008**
Non-current liabilities:			
Bonds and borrowings (Note 17)	**3,362,553**	3,165,737	**32,646**
Trade and other payables (Note 18)	**138,286**	105,854	**1,343**
Other financial liabilities	**46,611**	38,515	**453**
Accrued pension and retirement benefits (Note 20)	**29,353**	38,509	**285**
Provisions (Note 19)	**41,130**	38,027	**399**
Deferred tax liabilities (Note 16)	**140,797**	93,648	**1,367**
Total non-current liabilities	**3,758,730**	3,480,290	**36,493**
Total liabilities	**6,128,554**	5,656,875	**59,501**
Equity:			
Common stock (Note 21)	**219,279**	219,279	**2,129**
Additional paid-in capital (Note 22)	**268,332**	269,285	**2,605**
Treasury stock	**(3,952)**	(232)	**(38)**
Other components of equity (Note 23)	**346,222**	173,044	**3,361**
Retained earnings (Note 22)	**1,574,789**	1,391,440	**15,289**
Equity attributable to owners of the parent	**2,404,670**	2,052,816	**23,346**
Non-controlling interests	**135,514**	123,066	**1,316**
Total equity	**2,540,184**	2,175,882	**24,662**
Total liabilities and equity	**¥8,668,738**	¥7,832,757	**$84,163**

See the accompanying notes to the consolidated financial statements.

Consolidated Statement of Comprehensive Income

Sumitomo Corporation and Subsidiaries
For the years ended March 31, 2014 and 2013

	Millions of Yen		Millions of U.S. Dollars
	2014	2013	**2014**
Revenues:			
Sales of tangible products	**¥ 2,727,867**	¥ 2,432,358	**$ 26,484**
Sales of services and others	**589,539**	583,891	**5,724**
Total revenues (Notes 4, 14 and 29)	**3,317,406**	3,016,249	**32,208**
Cost:			
Cost of tangible products sold	**(2,271,461)**	(2,003,583)	**(22,053)**
Cost of services and others	**(151,529)**	(185,704)	**(1,471)**
Total cost (Notes 8, 14, 20 and 29)	**(2,422,990)**	(2,189,287)	**(23,524)**
Gross profit (Note 4)	**894,416**	826,962	**8,684**
Other income (expenses):			
Selling, general and administrative expenses (Note 28)	**(706,353)**	(657,139)	**(6,858)**
Impairment losses on long-lived assets (Notes 12, 13 and 14)	**(31,407)**	(16,025)	**(305)**
Gain (loss) on sale of property, plant and equipment, net	**11,586**	10,250	**112**
Other, net	**3,508**	(1,567)	**34**
Total other income (expenses)	**(722,666)**	(664,481)	**(7,017)**
Operating profit	**171,750**	162,481	**1,667**
Finance income (costs):			
Interest income	**13,874**	13,339	**135**
Interest expense	**(31,316)**	(29,092)	**(304)**
Dividends	**14,872**	13,422	**144**
Gain (loss) on securities and other investments, net	**8,840**	51,516	**86**
Finance income (costs), net (Note 29)	**6,270**	49,185	**61**
Share of profit of investments accounted for using the equity method (Note 11)	**126,226**	107,355	**1,225**
Profit before tax	**304,246**	319,021	**2,953**
Income tax expense (Note 30)	**(70,388)**	(75,326)	**(683)**
Profit for the year	**233,858**	243,695	**2,270**
Profit for the year attributable to:			
Owners of the parent (Note 4)	**¥ 223,064**	¥ 232,451	**$ 2,166**
Non-controlling interests	**10,794**	11,244	**104**
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Financial assets measured at fair value through other comprehensive income	**43,039**	32,621	**418**
Remeasurements of defined benefit pension plans	**1,861**	(1,573)	**18**
Share of other comprehensive income of investments accounted for using the equity method	**4,184**	1,663	**41**
Total items that will not be reclassified to profit or loss	**49,084**	32,711	**477**
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations	**147,333**	182,585	**1,431**
Cash-flow hedges	**1,273**	(2,048)	**12**
Share of other comprehensive income of investments accounted for using the equity method	**(2,247)**	(17)	**(22)**
Total items that may be reclassified subsequently to profit of loss	**146,359**	180,520	**1,421**
Other comprehensive income, net of tax (Note 23)	**195,443**	213,231	**1,898**
Comprehensive income for the year	**429,301**	456,926	**4,168**
Comprehensive income for the year attributable to:			
Owners of the parent	**¥ 411,549**	¥ 439,840	**$ 3,996**
Non-controlling interests	**17,752**	17,086	**172**

	Yen		U.S. Dollars
Earnings per share (attributable to owners of the parent) (Note 31)**:**			
Basic	**¥ 178.59**	¥ 185.92	**$ 1.73**
Diluted	**178.46**	185.79	**1.73**

	Millions of Yen		Millions of U.S. Dollars
Total trading transactions	**¥ 8,146,184**	¥ 7,502,724	**$ 79,089**

*1 The Companies adopted amended IAS 1"Presentation of Financial Statements" and changed the presentation of other comprehensive income. The prior year amounts are reclassified accordingly.
*2 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, 2014 and 2013

	Millions of Yen		Millions of U.S. Dollars
	2014	2013	**2014**
Equity (Note 21)**:**			
Common stock:			
Balance, beginning of year	**¥ 219,279**	¥ 219,279	**$ 2,129**
Balance, end of year	**219,279**	219,279	**2,129**
Additional paid-in capital (Note 22)**:**			
Balance, beginning of year	**269,285**	282,407	**2,614**
Acquisition (disposal) of non-controlling interests, net	**911**	(6,370)	**9**
Others	**(1,864)**	(6,752)	**(18)**
Balance, end of year	**268,332**	269,285	**2,605**
Treasury stock:			
Balance, beginning of year	**(232)**	(1,034)	**(2)**
Acquisition (disposal) of treasury stock, net (Note 25)	**(3,720)**	802	**(36)**
Balance, end of year	**(3,952)**	(232)	**(38)**
Other components of equity (Note 23)**:**			
Balance, beginning of year	**173,044**	(63,007)	**1,680**
Other comprehensive income for the year	**188,485**	207,389	**1,830**
Transfer to retained earnings	**(15,307)**	28,662	**(149)**
Balance, end of year	**346,222**	173,044	**3,361**
Retained earnings (Note 22)**:**			
Balance, beginning of year	**1,391,440**	1,251,411	**13,508**
Transfer from other components of equity	**15,307**	(28,662)	**149**
Profit for the year attributable to owners of the parent	**223,064**	232,451	**2,166**
Cash dividends (Note 24)	**(55,022)**	(63,760)	**(534)**
Balance, end of year	**1,574,789**	1,391,440	**15,289**
Equity attributable to owners of the parent	**¥2,404,670**	¥2,052,816	**$23,346**
Non-controlling interests:			
Balance, beginning of year	**123,066**	112,132	**1,195**
Cash dividends to non-controlling interests	**(3,378)**	(3,715)	**(33)**
Acquisition (disposal) of non-controlling interests and others, net	**(1,926)**	(2,437)	**(18)**
Profit for the year attributable to non-controlling interests	**10,794**	11,244	**104**
Other comprehensive income for the year (Note 23)	**6,958**	5,842	**68**
Balance, end of year	**135,514**	123,066	**1,316**
Total equity	**¥2,540,184**	¥2,175,882	**$24,662**
Comprehensive income for the year attributable to:			
Owners of the parent	**411,549**	439,840	**3,996**
Non-controlling interests	**17,752**	17,086	**172**
Total comprehensive income for the year	**¥ 429,301**	¥ 456,926	**$ 4,168**

See the accompanying notes to the consolidated financial statements.

Consolidated Statement of Cash Flows

Sumitomo Corporation and Subsidiaries
For the years ended March 31, 2014 and 2013

	Millions of Yen		Millions of U.S. Dollars
	2014	2013	2014
Operating activities (Note 32)**:**			
Profit for the year	¥ 233,858	¥ 243,695	$ 2,270
Adjustments to reconcile profit for the year to net cash from operating activities:			
Depreciation and amortization	106,525	94,117	1,034
Impairment losses on long-lived assets	31,407	16,025	305
Finance (income) costs, net	(6,270)	(49,185)	(61)
Share of profit of investments accounted for using the equity method	(126,226)	(107,355)	(1,225)
(Gain) loss on sale of property, plant and equipment, net	(11,586)	(10,250)	(112)
Income tax expense	70,388	75,326	683
Decrease (increase) in inventories	16,309	(6,362)	158
(Increase) decrease in trade and other receivables	(33,197)	154,575	(322)
Increase in prepaid expenses	(6,502)	(20,025)	(63)
Decrease in trade and other payables	(26,777)	(108,091)	(260)
Other, net	(7,794)	20,626	(75)
Interest received	12,490	13,176	121
Dividends received	92,887	56,244	902
Interest paid	(27,708)	(28,249)	(269)
Income tax paid	(39,567)	(63,962)	(384)
Net cash from operating activities	278,237	280,305	2,702
Investing activities (Note 32)**:**			
Proceeds from sale of property, plant and equipment	12,187	14,228	118
Proceeds from sale of investment property	62,271	29,826	605
Proceeds from sale of subsidiaries, net of cash and cash equivalents disposed of	7,245	82,577	70
Proceeds from sale of other investments	147,326	80,257	1,430
Collection of loan receivables	382,815	558,289	3,717
Purchase of property, plant and equipment	(196,740)	(183,576)	(1,910)
Purchase of investment property	(46,293)	(15,686)	(449)
Acquisition of subsidiaries, net of cash and cash equivalents acquired	(54,050)	(75,449)	(525)
Acquisition of other investments	(124,440)	(118,693)	(1,208)
Increase in loan receivables	(440,173)	(557,976)	(4,274)
Net cash used in investing activities	(249,852)	(186,203)	(2,426)
Financing activities (Note 32)**:**			
Net increase in short-term debt	12,908	26,102	125
Proceeds from issuance of long-term debt	651,684	609,289	6,327
Repayment of long-term debt	(457,807)	(582,605)	(4,445)
Cash dividends paid	(55,022)	(63,760)	(534)
Capital contribution from non-controlling interests	1,568	761	15
Payment for acquisition of subsidiary's interests from non-controlling interests	(223)	(11,186)	(2)
Payment of dividends to non-controlling interests	(3,378)	(3,715)	(33)
(Acquisition) disposal of treasury stock, net	(3,822)	447	(37)
Net cash from (used in) financing activities	145,908	(24,667)	1,416
Net increase in cash and cash equivalents	174,293	69,435	1,692
Cash and cash equivalents at the beginning of year	924,513	821,915	8,976
Effect of exchange rate changes on cash and cash equivalents	12,386	33,163	120
Cash and cash equivalents at the end of year	¥1,111,192	¥ 924,513	$10,788

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, 2014 and 2013

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, 2014 comprise the financial statements of the Company and its subsidiaries (together, the "Companies"), and the interests in associates and joint ventures. 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;
- 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, 2014 is included solely for the convenience of readers and has been made at the rate of ¥103 = U.S. $1, the approximate exchange rate prevailing at the Federal Reserve Bank of New York on March 31, 2014. 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, 2014. The Companies have early-applied International Accounting Standard No. 36 *Impairment of Assets (revised in May 2013)* since the fiscal year ended March 31, 2014. 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* ("IFRS 3") and International Financial Reporting Standard No. 10 *Consolidated Financial Statements* to all business combinations.

The Companies have applied the acquisition method to business combinations disclosed in Note 5.

The Companies control an investee when the Companies are exposed, or have rights, to variable returns from their involvement with the investee and have the ability to affect those returns through their power over the investee. 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*, 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. 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.

4. Associates and joint arrangements

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.

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor.

The Companies account for the assets, liabilities, revenues and expenses relating to their interest in a joint operation in accordance with the IFRS applicable to the particular assets, liabilities, revenues and expenses.

Investments in associates and joint ventures (“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.

5. 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, 2014 and 2013 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, 2014 and 2013 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 fair value of plan assets is 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 is recognized in profit or loss immediately.

The Companies recognize remeasurements of the net defined benefit liability (asset) 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 rebates 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 Related Goods & Services 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 (Environment & 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 Related Goods & Services 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 (Media, Network, Lifestyle Related Goods & Services 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, associates and joint arrangements. 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, associates and joint arrangements 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, 2014, 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 9	Financial Instruments	TBD (available for application)*	TBD*	New requirements for general hedge accounting
IFRS 10	Consolidated Financial Statements	January 1, 2014	March 31, 2015	Definition of an investment entity and exception to consolidation
IFRS 11	Joint Arrangements	January 1, 2016	March 31, 2017	Accounting for acquisitions of interests in joint operations
IFRS 12	Disclosure of Interests in Other Entities	January 1, 2014	March 31, 2015	Disclosure requirements for interests in unconsolidated subsidiaries of investment entities
IFRS 15	Revenue from Contracts with Customers	January 1, 2017	March 31, 2018	Establishment of accounting for revenue recognition that applies to contracts with customers
IAS 16	Property, Plant and Equipment	January 1, 2016	March 31, 2017	Clarification of acceptable methods of depreciation
IAS 19	Employee Benefits	July 1, 2014	March 31, 2016	Clarification of the requirements for contributions from employees or third parties to defined benefit plans
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, 2014	March 31, 2015	Presentation of offsetting financial assets and financial liabilities
IAS 38	Intangible Assets	January 1, 2016	March 31, 2017	Clarification of acceptable methods of amortisation
IAS 39	Financial Instruments: Recognition and Measurement	January 1, 2014	March 31, 2015	Novation of derivatives and continuation of hedge accounting
IFRIC 21	Levies	January 1, 2014	March 31, 2015	Accounting for a liability to pay a levy

* The mandatory effective date of IFRS 9 is pending the finalization of the classification and measurement and impairment requirements.

4. SEGMENT INFORMATION

(1) Operating Segment

On April 1, 2013 we reorganized our industry-based business units from seven to five after strategically reviewing them from the perspectives of business fields and functions. Then, the Companies conduct business through five industry-based business operating segments (business units) and two sets of regional operations (domestic and overseas). The reorganized Companies' industry-based business segments are:

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

"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 encompasses various metal products, including steel products such as steel sheets, tubular products, and non-ferrous metal products such as aluminum and titanium. This segment also has an extensive value chain that satisfies the diverse needs of customers in a broad range of fields. In the steel sheet-related field, this segment provides just-in-time delivery services for steel sheet products mainly to automotive and home appliance manufacturers via worldwide steel service center network, which provides functions including procurement, inventory management, and processing. In the tubular products field, this segment has functions as a total service provider by developing oil field services in addition to unique supply chain management (SCM) system for oil and gas companies. In the non-ferrous products & metals field, a priority of this segment is to expand production and sales locations for aluminum ingot and sheets. This segment consists of the Steel Sheet & Construction Steel Products Division, the Metal Products for Automotive & Railway Industry Division, the Light Metals & Specialty Steel Sheet Division, and the Tubular Products 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.

Environment & Infrastructure—The Environment & Infrastructure Business Unit segment engages in a wide range of large-scale overseas infrastructure development projects such as power generation and power plant Engineering, Procurement and Construction (EPC). This segment also engages in electricity retail in Japan, renewable energy businesses such as wind, solar photovoltaic and geothermal power generation, industrial infrastructure businesses such as industrial facilities and equipments, water businesses, environmental solutions, and storage battery businesses. This segment also engages in providing logistics services such as delivery, customs clearance and transportation services, arrangements for insurance, and development and operation of overseas industrial parks. This segment consists of the Environment & Infrastructure Project Business Division, the Global Power Infrastructure Business Division and the Logistics & Insurance Business Division.

Media, Network, Lifestyle Related Goods & Services—The Media, Network, Lifestyle Related Goods & Services Business Unit segment engages in cable TV operations, production and distribution of program, movie business, IT service business, cell-phone related business, internet related business, telecommunications, venture investments, and retail businesses such as supermarkets, drugstores, various mail order businesses and fashion business. This segment also engages in trading, marketing, manufacturing, selling, processing and distribution of food, foodstuffs, cement, timber, building materials, 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 Media Division, the Network Division, the Lifestyle & Retail Business Division, the Food Business Division, the Materials & Supplies Division and the Construction & Real Estate 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, fertilizers, 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.

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 consists of four broad regions, namely, "East Asia," "Asia & Oceania," "Europe, Middle East, Africa & CIS" and "The Americas". 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, 2014 and 2013 is summarized as follows:

2014	Millions of Yen			
Segment	Revenue	Gross profit	Profit for the year (attributable to owners of the parent)	Total assets
Metal Products	**¥ 488,107**	**¥ 82,685**	**¥ 23,980**	**¥ 731,882**
Transportation & Construction Systems	**435,735**	**121,434**	**47,813**	**1,403,611**
Environment & Infrastructure	**136,591**	**57,193**	**17,472**	**568,755**
Media, Network, Lifestyle Related Goods & Services	**911,523**	**278,413**	**53,616**	**1,835,370**
Mineral Resources, Energy, Chemical & Electronics	**309,180**	**76,893**	**23,185**	**1,585,207**
Domestic Regional Business Units and Offices	**82,506**	**39,925**	**7,530**	**334,776**
Overseas Subsidiaries and Branches	**976,037**	**244,535**	**41,393**	**1,889,690**
Total	**3,339,679**	**901,078**	**214,989**	**8,349,291**
Corporate and Eliminations	**(22,273)**	**(6,662)**	**8,075**	**319,447**
Consolidated	**¥3,317,406**	**¥894,416**	**¥223,064**	**¥8,668,738**

2013	Millions of Yen			
Segment	Revenue	Gross profit	Profit for the year (attributable to owners of the parent)	Total assets
Metal Products	¥ 442,720	¥ 65,182	¥ 15,155	¥ 671,206
Transportation & Construction Systems	424,615	120,316	44,820	1,264,161
Environment & Infrastructure	119,239	54,025	12,430	575,032
Media, Network, Lifestyle Related Goods & Services	897,768	281,233	68,896	1,789,169
Mineral Resources, Energy, Chemical & Electronics	285,264	85,558	46,899	1,370,905
Domestic Regional Business Units and Offices	108,153	38,245	5,377	353,879
Overseas Subsidiaries and Branches	743,013	184,773	48,474	1,556,166
Total	3,020,772	829,332	242,051	7,580,518
Corporate and Eliminations	(4,523)	(2,370)	(9,600)	252,239
Consolidated	¥3,016,249	¥826,962	¥232,451	¥7,832,757

2014	Millions of U.S. Dollars			
Segment	Revenue	Gross profit	Profit for the year (attributable to owners of the parent)	Total assets
Metal Products	**$ 4,739**	**$ 803**	**$ 233**	**$ 7,106**
Transportation & Construction Systems	**4,230**	**1,179**	**464**	**13,627**
Environment & Infrastructure	**1,326**	**555**	**170**	**5,522**
Media, Network, Lifestyle Related Goods & Services	**8,850**	**2,703**	**520**	**17,819**
Mineral Resources, Energy, Chemical & Electronics	**3,002**	**746**	**225**	**15,390**
Domestic Regional Business Units and Offices	**801**	**388**	**73**	**3,250**
Overseas Subsidiaries and Branches	**9,476**	**2,374**	**402**	**18,347**
Total	**32,424**	**8,748**	**2,087**	**81,061**
Corporate and Eliminations	**(216)**	**(64)**	**79**	**3,102**
Consolidated	**$32,208**	**$8,684**	**$2,166**	**$84,163**

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.

On April 1, 2013 we reorganized our industry-based business units from seven to five after strategically reviewing them from the perspectives of business fields and functions. Accordingly, from this fiscal year, the operating segments have been changed. The segment information of the same period of the previous year has also been reclassified.

(2) Geographic Information

The Companies' revenue by geographical areas for the years ended March 31, 2014 and 2013 is as follows:

	Millions of Yen		Millions of U.S. Dollars
	2014	2013	**2014**
Japan	**¥1,367,475**	¥1,431,273	**$13,276**
Asia	**330,018**	278,440	**3,204**
North America:			
U.S.	**872,698**	657,436	**8,473**
Others	**149,668**	141,471	**1,453**
Europe	**339,570**	269,858	**3,297**
Others	**257,977**	237,771	**2,505**
Total	**¥3,317,406**	¥3,016,249	**$32,208**

The carrying amount of non-current assets, excluding Financial assets and Deferred tax assets, by geographical areas as of March 31, 2014 and 2013 is as follows:

	Millions of Yen		Millions of U.S. Dollars
	2014	2013	**2014**
Japan	**¥ 573,571**	¥ 585,266	**$ 5,569**
Asia	**56,112**	49,572	**545**
North America:			
U.S.	**547,388**	341,042	**5,315**
Others	**21,966**	21,579	**213**
Europe	**177,438**	198,278	**1,723**
Others	**228,378**	228,033	**2,216**
Total	**¥1,604,853**	¥1,423,770	**$15,581**

Breakdown by products and services are not available.

5. ACQUISITION OF SUBSIDIARIES

For the year ended March 31, 2014

On November 21, 2013, the Company and Sumitomo Corporation of America (hereinafter collectively referred to as "the Sumitomo Corporation Group") jointly acquired all outstanding shares of Edgen Group Inc. ("Edgen Group"), a U.S energy-related steel products distributor.

The Sumitomo Corporation Group is seeking through this acquisition to establish a foundation for growth in the steel pipe business for midstream and downstream energy markets, to reinforce its North American OCTG business and to enhance its sales of steel plates/pipes to the energy sector.

	Millions of Yen	Millions of U.S. Dollars
Fair value of the consideration transferred	**¥ 52,662**	**$ 511**
Cash and cash equivalents	**2,166**	**21**
Trade and other receivables	**61,282**	**595**
Other current assets	**966**	**9**
Property, plant and equipment	**4,465**	**43**
Intangible assets	**47,546**	**462**
Other non-current assets	**3,150**	**31**
Current liabilities	**(33,884)**	**(329)**
Non-current liabilities	**(65,342)**	**(634)**
Net assets	**20,349**	**198**
Non-controlling interests	**(30)**	**(0)**
Goodwill	**32,343**	**313**
Total	**¥ 52,662**	**$ 511**

Goodwill consists primarily of future economic benefits and synergies with existing operations and recognized in the Metal Products segment and the Overseas Subsidiaries and Branches segment. The acquisition-related costs for the years ended March 31, 2014 and 2013 are ¥839 million ($8 million), ¥55 million ($0.5 million) respectively, included in "Selling, general and administrative expenses" in the Consolidated statement of comprehensive income.

Business combinations other than Edgen Group during the year ended March 31, 2014 mainly consist of integrated supply business of agricultural materials in Australia and wind farm in the U.S. The aggregated consideration transferred at the acquisition date for these business combinations was ¥6,868 million ($67 million) and was paid fully in cash. The aggregated fair value of assets acquired and liabilities assumed amounted to ¥78,553 million ($763 million) and ¥63,612 million ($618 million), respectively.

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 as of March 31, 2014. The provisional amounts for the item for which the acquisition accounting was incomplete as of March 31, 2013 have been properly allocated to each account during the year ended March 31, 2014. The effects due to this allocation on the consolidated financial statements for the year ended March 31, 2014 are immaterial.

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
Fair value of the consideration transferred	¥ 79,138
Fair value of the previously held equity interest	6,765
Total	85,903
Total assets	143,161
Total liabilities	(95,527)
Net assets	47,634
Non-controlling interests	(3,550)
Goodwill	42,604
Total	¥ 86,688

Goodwill consists primarily of future economic benefits and synergies with existing operations. In certain business combinations, gains on bargain purchase of ¥785 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.

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
	2014	2013	**2014**
Marketable securities:			
FVTPL	**¥ 32,151**	¥ 28,543	**$ 312**
Amortized cost	**1,532**	1,110	**15**
Total	**33,683**	29,653	**327**
Other investments:			
FVTPL	**40,143**	45,134	**390**
FVTOCI	**461,033**	469,079	**4,476**
Amortized cost	**9,274**	6,749	**90**
Total	**¥510,450**	¥520,962	**$4,956**

The fair values of "Marketable securities" and "Other investments" measured at amortized cost as of March 31, 2014 and 2013 are ¥10,806 million ($105 million) and ¥7,859 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, 2014 and 2013 are as follows:

	Millions of Yen				Millions of U.S. Dollars	
	2014		2013		**2014**	
	Fair value	Dividends	Fair value	Dividends	Fair value	Dividends
Listed	**¥347,728**	**¥ 5,257**	¥331,986	¥ 3,844	**$3,376**	**$ 51**
Unlisted	**113,305**	**6,111**	137,093	6,757	**1,100**	**59**
Total	**¥461,033**	**¥11,368**	¥469,079	¥10,601	**$4,476**	**$110**

The fair values of “Other investments” measured at FVTOCI as of March 31, 2014 mainly consist of the following:

	Millions of Yen	Millions of U.S. Dollars
	2014	**2014**
NIPPON STEEL & SUMITOMO METAL CORPORATION	**¥74,079**	**$719**
Mazda Motor Corporation	**24,461**	**237**
Sumitomo Realty & Development Co., LTD.	**20,885**	**203**
TOYOTA MOTOR CORPORATION	**19,526**	**190**
Sumitomo Mitsui Trust Holdings, Inc.–preferred stock	**15,529**	**151**
Sumitomo Rubber Industries, Ltd.	**12,626**	**123**
SKY Perfect JSAT Holdings Inc.	**12,287**	**119**
Asahi Group Holdings, Ltd.	**11,585**	**112**
YAMAZAKI BAKING CO., LTD.	**11,432**	**111**
ISUZU MOTORS LIMITED	**10,126**	**98**
MS&AD Insurance Group Holdings, Inc.	**9,917**	**96**
Sumitomo Metal Mining Co., Ltd.	**9,072**	**88**
YAMATO KOGYO CO., LTD.	**7,961**	**77**
Sumitomo Electric Industries, Ltd.	**7,692**	**75**
KATO SANGYO CO., LTD.	**7,178**	**70**
DAIKIN INDUSTRIES, LTD.	**6,582**	**64**
NISSHIN SEIFUN GROUP INC.	**6,280**	**61**
The Dai-ichi Life Insurance Company, Limited	**5,511**	**54**
UACJ Corporation	**4,659**	**45**

The fair values of “Other investments” measured at FVTOCI as of March 31, 2013 mainly consist of the following:

	Millions of Yen
	2013
NIPPON STEEL & SUMITOMO METAL CORPORATION	¥85,215
SMFG PREFERRED CAPITAL JPY 2 LIMITED–preferred equity investment	20,863
Sumitomo Realty & Development Co., LTD.	18,575
TOYOTA MOTOR CORPORATION	16,288
Sumitomo Mitsui Trust Holdings, Inc.–preferred stock	15,862
Sumitomo Rubber Industries, Ltd.	15,404
Mazda Motor Corporation	15,008
YAMAZAKI BAKING CO., LTD.	11,974
Asahi Group Holdings, Ltd.	11,047
SKY Perfect JSAT Holdings Inc.	9,849
ISUZU MOTORS LIMITED	9,477
Sumitomo Metal Mining Co., Ltd.	9,401
MS&AD Insurance Group Holdings, Inc.	8,667
Honda Motor Co., Ltd.	7,110
YAMATO KOGYO CO., LTD.	6,797
NISSHIN SEIFUN GROUP INC.	6,439
KATO SANGYO CO., LTD.	6,351
Sumitomo Electric Industries, Ltd.	5,814
The Dai-ichi Life Insurance Company, Limited	4,648

“Other investments” measured at FVTOCI which were disposed of during the years ended March 31, 2014 and 2013 are as follows:

Millions of Yen						Millions of U.S. Dollars		
2014			2013			**2014**		
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
¥54,308	**¥24,193**	**¥1,397**	¥87,207	¥(29,685)	¥600	**$527**	**$235**	**$14**

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 gains (net of tax) of ¥15,037 million ($146 million) and losses (net of tax) of ¥18,879 million from Other components of equity to Retained earnings for the years ended March 31, 2014 and 2013, 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 ¥217 million ($2 million) and ¥7,458 million from Other components of equity to Retained earnings for the years ended March 31, 2014 and 2013, respectively.

7. TRADE AND OTHER RECEIVABLES

The components of Trade and other receivables as of March 31, 2014 and 2013 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2014	2013	**2014**
Notes receivable	**¥ 84,156**	¥ 95,261	**$ 817**
Accounts receivable	**1,191,596**	1,132,131	**11,569**
Receivables due from equity-accounted investees	**236,972**	192,761	**2,301**
Loans receivable	**344,297**	304,232	**3,343**
Finance lease receivable	**346,444**	352,904	**3,364**
Other receivables	**97,181**	92,152	**943**
Less: Allowance for doubtful receivables	**(29,219)**	(34,413)	**(284)**
Trade and other receivables	**¥2,271,427**	¥2,135,028	**$22,053**

Financial assets measured at FVTPL of ¥36,254 million ($352 million) and ¥37,994 million were included in Accounts receivable, and ¥3,000 million ($29 million) and ¥3,000 million were included in Loans receivable as of March 31, 2014 and 2013, respectively.

The components of Trade and other receivables in the Consolidated statement of financial position as of March 31, 2014 and 2013 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2014	2013	**2014**
Current assets	**¥1,549,363**	¥1,470,942	**$15,042**
Non-current assets	**722,064**	664,086	**7,011**
Total	**¥2,271,427**	¥2,135,028	**$22,053**

Trade and other receivables by operating segment as of March 31, 2014 and 2013 are summarized as follows:

	Millions of Yen		Millions of U.S. Dollars
	2014	2013	**2014**
Metal Products	**¥ 284,392**	¥ 268,078	**$ 2,761**
Transportation & Construction Systems	**466,137**	383,790	**4,526**
Environment & Infrastructure	**312,853**	343,837	**3,037**
Media, Network & Lifestyle Related Goods & Services	**255,709**	240,431	**2,483**
Mineral Resources, Energy, Chemical & Electronics	**432,009**	401,714	**4,194**
Others	**520,327**	497,178	**5,052**
Trade and other receivables	**¥2,271,427**	¥2,135,028	**$22,053**

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 ¥7,467 million ($72 million) and ¥3,514 million as of March 31, 2014 and 2013, respectively, and these discounted notes are presented in "Trade and other receivables" in the Consolidated statement of financial position. The associated liabilities 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, 2014 and 2013 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2014	2013	**2014**
Balance, beginning of year	**¥ 34,413**	¥ 37,488	**$ 334**
Impairment losses	**6,109**	8,472	**59**
Charge-off	**(12,171)**	(14,450)	**(118)**
Exchange differences on translating foreign operations	**868**	2,903	**9**
Balance, end of year	**¥ 29,219**	¥ 34,413	**$ 284**

As of March 31, 2014 and 2013, the total gross amount of impaired trade and other receivables is ¥38,979 million ($378 million) and ¥40,658 million, respectively and the cumulative impairment losses recognized as of March 31, 2014 and 2013 are ¥15,587 million ($151 million) and ¥18,788 million, respectively.

The age of trade and other receivables that are past due but not impaired as of March 31, 2014 and 2013 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, 2014 and 2013.

	Millions of Yen		Millions of U.S. Dollars
	2014	2013	**2014**
Past due within 90 days	**¥ 93,344**	¥ 79,397	**$ 906**
Past due over 90 days until 1 year	**13,208**	13,163	**128**
Past due over 1 year	**8,164**	8,068	**80**
Total	**¥114,716**	¥100,628	**$1,114**

8. LEASES

(1) As lessor

The Companies lease office buildings, vessels and automobiles to third parties under arrangements which are classified as cancelable or non-cancelable operating leases. Costs of the leased properties as of March 31, 2014 and 2013 are ¥313,650 million ($3,045 million) and ¥344,693 million, respectively. Accumulated depreciation and accumulated impairment losses as of March 31, 2014 and 2013 are ¥64,627 million ($627 million) and ¥90,609 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, 2014 and 2013 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2014	2013	**2014**
Due in 1 year or less	**¥21,306**	¥22,249	**$207**
Due after 1 year through 5 years	**51,282**	44,452	**498**
Due after 5 years	**28,775**	33,966	**279**

The Companies lease automobiles, 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, 2014 and 2013 are as follows:

	Minimum lease payments receivable		
	Millions of Yen		Millions of U.S. Dollars
	2014	2013	**2014**
Due in 1 year or less	**¥ 75,207**	¥ 69,139	**$ 730**
Due after 1 year through 5 years	**241,367**	213,006	**2,343**
Due after 5 years	**181,607**	221,428	**1,763**
Unguaranteed residual value	**2,981**	2,223	**29**
Less: Future finance income	**(152,882)**	(170,892)	**(1,484)**
Net investment in the lease	**¥ 348,280**	¥ 352,904	**$ 3,381**

	Net investment in the lease		
	Millions of Yen		Millions of U.S. Dollars
	2014	2013	**2014**
Due in 1 year or less	**¥ 68,844**	¥ 62,958	**$ 668**
Due after 1 year through 5 years	**185,462**	177,722	**1,801**
Due after 5 years	**92,744**	111,232	**900**
Unguaranteed residual value	**1,230**	992	**12**

Contingent rental income recognized in profit or loss for the years ended March 31, 2014 and 2013 are ¥2,218 million ($22 million) and ¥55 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, 2014 and 2013 are ¥73,016 million ($709 million) and ¥65,783 million, respectively.

Future minimum lease payments under non-cancelable operating leases as of March 31, 2014 and 2013 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2014	2013	**2014**
Due in 1 year or less	**¥ 48,337**	¥ 45,820	**$ 469**
Due after 1 year through 5 years	**137,168**	135,182	**1,332**
Due after 5 years	**213,180**	235,715	**2,070**

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, 2014 and 2013 are ¥79,062 million ($768 million) and ¥67,212 million, respectively. Accumulated depreciation and accumulated impairment losses as of March 31, 2014 and 2013 are ¥24,529 million ($238 million) and ¥20,666 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, 2014 and 2013 are as follows:

	Minimum lease payments		
	Millions of Yen		Millions of U.S. Dollars
	2014	2013	**2014**
Due in 1 year or less	**¥ 15,351**	¥ 10,884	**$ 149**
Due after 1 year through 5 years	**46,157**	34,070	**448**
Due after 5 years	**77,100**	61,060	**749**
Less: Future finance cost	**(49,744)**	(39,692)	**(483)**
Present value of minimum lease payments	**¥ 88,864**	¥ 66,322	**$ 863**

	Present value of minimum lease payments		
	Millions of Yen		Millions of U.S. Dollars
	2014	2013	**2014**
Due in 1 year or less	**¥14,531**	¥10,256	**$141**
Due after 1 year through 5 years	**36,519**	27,267	**355**
Due after 5 years	**37,814**	28,799	**367**

The total amount of lease payments included in "Cost" for the years ended March 31, 2014 and 2013 are ¥11,720 million ($114 million) and ¥9,144 million, respectively.

9. CONSTRUCTION CONTRACTS

Amounts due from and due to customers under long-term construction contracts as of March 31, 2014 and 2013 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2014	2013	**2014**
Contracts in progress			
Amounts due from customers under construction contracts, included in Trade and other receivables and others	**¥ 16,187**	¥ 19,166	**$ 157**
Amounts due to customers under construction contracts, included in Advances from customers and others	**(9,205)**	(5,221)	**(89)**
Construction costs incurred and profits recognized less losses recognized to date	**¥ 89,839**	¥ 80,516	**$ 872**
Less: progress billings	**(82,857)**	(66,571)	**(804)**
Amounts due from (to) customers	**¥ 6,982**	¥ 13,945	**$ 68**

Advances received from customers for contract work before the related work is performed as of March 31, 2014 and 2013 are ¥10,430 million ($101 million) and ¥10,527 million, respectively. There are no retentions held by customers for contract work as of March 31, 2014 and 2013.

Contract revenue for the years ended March 31, 2014 and 2013 are ¥100,421 million ($975 million) and ¥87,595 million, respectively.

10. INVENTORIES

The components of Inventories as of March 31, 2014 and 2013 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2014	2013	**2014**
Real estate held for development and resale	**¥ 76,781**	¥ 73,718	**$ 746**
Commodities	**698,069**	601,540	**6,777**
Materials/work in progress	**97,180**	95,192	**944**
Inventories	**¥872,030**	¥770,450	**$8,467**

The carrying amounts of Inventories measured at fair value less costs to sell as of March 31, 2014 and 2013 are ¥99,410 million ($965 million) and ¥65,590 million, respectively.

The write-down of Inventories recognized as expense for the years ended March 31, 2014 and 2013 are ¥4,889 million ($47 million) and ¥2,909 million, respectively.

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

(1) Investments in Associates

Summarized financial information for the Companies' interest in associates, based on the amounts reported in the Companies' consolidated financial statements as of, and for the years ended, March 31, 2014 and 2013 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2014	2013	**2014**
Total carrying amount	**¥1,204,261**	¥1,078,596	**$11,692**

	Millions of Yen		Millions of U.S. Dollars
	2014	2013	**2014**
Profit for the year	**¥94,381**	¥81,807	**$916**
Other comprehensive income	**2,972**	(1,148)	**29**
Comprehensive income for the year	**¥97,353**	¥80,659	**$945**

The major associated company accounted for using the equity method included in the summarized financial information above is Sumitomo Mitsui Finance and Leasing Company, Limited (40% owned).

Sumitomo Mitsui Finance and Leasing Company, Limited

Sumitomo Mitsui Finance and Leasing Company, Limited's summarized financial information as of, and for the years ended, March 31, 2014 and 2013 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2014	2013	**2014**
Current assets	**¥2,164,781**	¥2,024,371	**$21,017**
Non-current assets	**2,076,952**	1,820,064	**20,165**
Total assets	**¥4,241,733**	¥3,844,435	**$41,182**
Current liabilities	**¥1,936,814**	¥1,842,632	**$18,804**
Non-current liabilities	**1,592,277**	1,340,289	**15,459**
Total liabilities	**¥3,529,091**	¥3,182,921	**$34,263**
Non-controlling interests	**¥ 66,629**	¥ 55,005	**$ 647**
Equity	**646,013**	606,509	**6,272**
Total equity	**¥ 712,642**	¥ 661,514	**$ 6,919**

	Millions of Yen		Millions of U.S. Dollars
	2014	2013	**2014**
Revenues	**¥426,972**	¥356,996	**$4,145**
Profit for the year	**43,483**	36,692	**422**
Other comprehensive income	**14,450**	11,252	**140**
Comprehensive income for the year	**¥ 57,933**	¥ 47,944	**$ 562**

Sumitomo Mitsui Finance and Leasing Company, Limited engages in a variety of financial services including leasing. The dividends which the Company received from Sumitomo Mitsui Finance and Leasing Company, Limited for the years ended March 31, 2014 and 2013 are ¥7,178 million ($70 million) and ¥6,845 million, respectively.

(2) Investments in Joint Ventures

Summarized financial information for the Companies' interest in joint ventures, based on the amounts reported in the Companies' consolidated financial statements as of, and for the years ended, March 31, 2014 and 2013 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2014	2013	**2014**
Total carrying amount	**¥479,568**	¥411,969	**$4,656**

	Millions of Yen		Millions of U.S. Dollars
	2014	2013	**2014**
Profit for the year	**¥31,845**	¥25,548	**$309**
Other comprehensive income	**(1,035)**	2,794	**(10)**
Comprehensive income for the year	**¥30,810**	¥28,342	**$299**

(3) Summary of Transactions with Equity-accounted Investees

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, 2014 and 2013 are summarized as follows:

	Millions of Yen		Millions of U.S. Dollars
	2014	2013	**2014**
Management and secondment fees, received	**¥4,071**	¥3,924	**$40**
Interest income	**3,554**	2,603	**35**
Interest expense	**110**	479	**1**

Transactions with equity-accounted investees stated above are made on an arm's length basis.

12. PROPERTY, PLANT AND EQUIPMENT

Cost and accumulated depreciation and impairment losses of property, plant and equipment as of March 31, 2014 and 2013 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, 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
Acquisitions	**997**	**6,560**	**66,797**	**56,255**	**72,045**	**202,654**
Reclassification	**659**	**13,022**	**20,521**	**(34,202)**	**—**	**—**
Acquisitions through business combinations	**832**	**8,516**	**6,238**	**375**	**—**	**15,961**
Deconsolidation of subsidiaries	**(4,781)**	**(39,912)**	**(36,503)**	**(6)**	**—**	**(81,202)**
Disposals	**(843)**	**(6,971)**	**(23,883)**	**(41)**	**(223)**	**(31,961)**
Exchange differences on translating foreign operations	**2,655**	**12,196**	**35,213**	**1,611**	**29,093**	**80,768**
Others	**1,433**	**2,774**	**(3,048)**	**(151)**	**(693)**	**315**
Balance as of March 31, 2014	**¥98,800**	**¥307,380**	**¥701,076**	**¥53,945**	**¥293,672**	**¥1,454,873**

	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, 2013	$950	$3,021	$6,173	$ 292	$1,878	$12,314
Acquisitions	**10**	**64**	**649**	**546**	**699**	**1,968**
Reclassification	**6**	**126**	**199**	**(331)**	**—**	**—**
Acquisitions through business combinations	**8**	**83**	**61**	**3**	**—**	**155**
Deconsolidation of subsidiaries	**(47)**	**(387)**	**(354)**	**(0)**	**—**	**(788)**
Disposals	**(8)**	**(68)**	**(232)**	**(0)**	**(2)**	**(310)**
Exchange differences on translating foreign operations	**26**	**118**	**341**	**15**	**283**	**783**
Others	**14**	**27**	**(30)**	**(1)**	**(7)**	**3**
Balance as of March 31, 2014	**$959**	**$2,984**	**$6,807**	**$ 524**	**$2,851**	**$14,125**

[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, 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)
Deconsolidation of subsidiaries	**967**	**8,309**	**14,002**	**—**	**23,278**
Disposals	**73**	**4,584**	**15,689**	**—**	**20,346**
Depreciation expenses	**—**	**(15,718)**	**(54,006)**	**(11,233)**	**(80,957)**
Impairment losses	**(212)**	**(1,189)**	**(142)**	**(28,464)**	**(30,007)**
Exchange differences on translating foreign operations	**(124)**	**(4,628)**	**(15,933)**	**(4,163)**	**(24,848)**
Others	**(1,150)**	**1,129**	**4,964**	**(114)**	**4,829**
Balance as of March 31, 2014	**¥(2,581)**	**¥(136,446)**	**¥(324,495)**	**¥(70,194)**	**¥(533,716)**

	Millions of U.S. Dollars				
	Land and land improvements	Buildings including leasehold improvements	Machinery and equipment	Mining rights	Total
Balance as of March 31, 2013	$(21)	$(1,252)	$(2,806)	$(255)	$(4,334)
Deconsolidation of subsidiaries	**9**	**81**	**136**	**—**	**226**
Disposals	**1**	**45**	**152**	**—**	**198**
Depreciation expenses	**—**	**(153)**	**(524)**	**(109)**	**(786)**
Impairment losses	**(2)**	**(12)**	**(1)**	**(276)**	**(291)**
Exchange differences on translating foreign operations	**(1)**	**(45)**	**(155)**	**(40)**	**(241)**
Others	**(11)**	**11**	**47**	**(1)**	**46**
Balance as of March 31, 2014	**$(25)**	**$(1,325)**	**$(3,151)**	**$(681)**	**$(5,182)**

The Companies invested in tight oil development projects, which are operated by Devon Energy Corporation in the Permian Basin, Texas (“the Project”) for the years ended March 31, 2014 and 2013.

The Companies own 30% interest in the Project and plan to invest approximately $730 million for the mining rights and its share of development costs in stages over a period of around two years.

[Carrying amount]

	Land and land improvements	Buildings including leasehold improvements	Machinery and equipment	Projects in progress	Mining rights	Total
2014 (Millions of Yen)	**¥96,219**	**¥170,934**	**¥376,581**	**¥53,945**	**¥223,478**	**¥921,157**
2013 (Millions of Yen)	¥95,713	¥182,262	¥346,672	¥30,104	¥167,230	¥821,981
2014 (Millions of U.S. Dollars)	**$934**	**$1,659**	**$3,656**	**$524**	**$2,170**	**$8,943**

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, 2014 and 2013 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2014	2013	**2014**
Metal Products	**¥ —**	¥(2,729)	**$ —**
Transportation & Construction Systems	**(11)**	(300)	**(0)**
Environment & Infrastructure	**(3)**	—	**(0)**
Media, Network & Lifestyle Related Goods & Services	**(1,219)**	(1,054)	**(12)**
Mineral Resources, Energy, Chemical & Electronics	**(22,700)**	(743)	**(220)**
Domestic Regional Business Units and Offices	**(111)**	(39)	**(1)**
Overseas Subsidiaries and Branches	**(5,906)**	(291)	**(57)**
Corporate and Eliminations	**(57)**	(1,319)	**(1)**
Total	**¥(30,007)**	¥(6,475)	**$(291)**

Impairment losses during the year ended March 31, 2014 mainly consists of mining right of Isaac Plains coal mining in Australia. Due to a decline in coal market price, the asset’s carrying amount fall below the present value of estimated future cash flows that is reflected in current market conditions. Those impairment losses were ¥22,191 million ($215 million) and ¥5,548 million ($54 million) recognized in the Mineral Resources, Energy, Chemical & Electronics segment and the Overseas Subsidiaries and Branches segment respectively.

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, 2014 and 2013 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2014	2013	**2014**
Buildings including leasehold improvements	**¥15,718**	¥16,320	**$153**
Machinery and equipment	**¥38,110**	¥29,613	**$370**

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, 2014 and 2013 are as follows:

[Cost]

	Millions of Yen		Millions of U.S. Dollars
	2014	2013	**2014**
Balance, beginning of year	**¥157,024**	¥167,815	**$1,525**
Acquisitions through business combinations	**46,403**	42,604	**450**
Deconsolidation of subsidiaries	**(17,758)**	(68,100)	**(172)**
Exchange differences on translating foreign operations	**10,568**	12,608	**103**
Others	**(6,971)**	2,097	**(68)**
Balance, end of year	**¥189,266**	¥157,024	**$1,838**

[Accumulated impairment losses]

	Millions of Yen		Millions of U.S. Dollars
	2014	2013	**2014**
Balance, beginning of year	**¥(18,451)**	¥(10,383)	**$(179)**
Impairment losses	**(360)**	(8,234)	**(3)**
Deconsolidation of subsidiaries	**—**	495	**—**
Exchange differences on translating foreign operations	**(378)**	(250)	**(4)**
Others	**463**	(79)	**4**
Balance, end of year	**¥(18,726)**	¥(18,451)	**$(182)**

Impairment losses recognized on goodwill for the years ended March 31, 2014 and 2013 are ¥360 million ($3 million) and ¥8,234 million, respectively, and are 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, 2014 and 2013 mainly relate to losses on a CGU including goodwill in the Corporate and Eliminations segment.

[Carrying amount]

	Carrying amount
2014 (Millions of Yen)	**¥170,540**
2013 (Millions of Yen)	¥138,573
2014 (Millions of U.S. Dollars)	**$1,656**

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, 2014 and 2013 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2014	2013	**2014**
Metal Products	**¥ 19,481**	¥ 10,864	**$ 189**
Transportation & Construction Systems	**6,292**	8,574	**61**
Environment & Infrastructure	**516**	12,430	**5**
Media, Network & Lifestyle Related Goods & Services	**48,452**	39,644	**470**
Mineral Resources, Energy, Chemical & Electronics	**10,266**	9,028	**100**
Domestic Regional Business Units and Offices	**—**	—	**—**
Overseas Subsidiaries and Branches	**85,533**	58,033	**831**
Total	**¥170,540**	¥138,573	**$1,656**

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 5% or less). The discount rate used is calculated based on the weighted average capital cost or capital cost of each CGU (domestic: approximately 4 to 11%, overseas: approximately 5 to 19%).

Significant portions of goodwill included above as of March 31, 2014 were related to that of TBC Corporation (Media, Network, Lifestyle Related Goods & Services segment and Overseas Subsidiaries and Branches) of ¥54,067 million ($525 million) and Edgen Group (Metal Products segment and Overseas Subsidiaries and Branches) of ¥33,230 million ($323 million), respectively, and as of March 31, 2013 were related to TBC Corporation of ¥52,433 million.

There is a possibility that impairment loss may be recognized for TBC Corporation if the key assumptions of the business plans change.

(2) Other Intangible Assets

Cost and accumulated depreciation and impairment losses of other intangible assets as of March 31, 2014 and 2013 are as follows:

[Cost]

	Millions of Yen			
	Software	Sales licenses, trademarks and customer relationships	Others	Total
Balance as of April 1, 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
Acquisitions through business combinations	**731**	**47,651**	**5,710**	**54,092**
Separate acquisitions	**5,298**	**685**	**490**	**6,473**
Deconsolidation of subsidiaries	**(1,935)**	**(10)**	**(86)**	**(2,031)**
Disposals	**(2,597)**	**(2,102)**	**(625)**	**(5,324)**
Exchange differences on translating foreign operations	**1,263**	**12,311**	**1,097**	**14,671**
Others	**3,820**	**455**	**988**	**5,263**
Balance as of March 31, 2014	**¥110,319**	**¥223,668**	**¥16,076**	**¥350,063**

	Millions of U.S. Dollars			
	Software	Sales licenses, trademarks and customer relationships	Others	Total
Balance as of March 31, 2013	$1,007	$1,599	$ 83	$2,689
Acquisitions through business combinations	**7**	**462**	**55**	**525**
Separate acquisitions	**51**	**7**	**5**	**63**
Deconsolidation of subsidiaries	**(18)**	**(0)**	**(1)**	**(20)**
Disposals	**(25)**	**(20)**	**(6)**	**(52)**
Exchange differences on translating foreign operations	**12**	**119**	**11**	**142**
Others	**37**	**4**	**9**	**51**
Balance as of March 31, 2014	**$1,071**	**$2,171**	**$156**	**$3,398**

[Accumulated amortization and impairment]

	Millions of Yen			
	Software	Sales licenses, trademarks and customer relationships	Others	Total
Balance as of April 1, 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)
Disposals	**2,450**	**2,094**	**343**	**4,887**
Amortization expenses	**(8,932)**	**(10,968)**	**(1,832)**	**(21,732)**
Impairment losses	**(1)**	**—**	**(249)**	**(250)**
Deconsolidation of subsidiaries	**1,227**	**9**	**12**	**1,248**
Exchange differences on translating foreign operations	**(956)**	**(3,232)**	**(564)**	**(4,752)**
Others	**261**	**3,469**	**(145)**	**3,585**
Balance as of March 31, 2014	**¥(88,885)**	**¥(58,442)**	**¥(5,370)**	**¥(152,697)**

	Millions of U.S. Dollars			
	Software	Sales licenses, trademarks and customer relationships	Others	Total
Balance as of March 31, 2013	$(805)	$(484)	$(28)	$(1,317)
Disposals	**24**	**20**	**3**	**48**
Amortization expenses	**(87)**	**(106)**	**(18)**	**(211)**
Impairment losses	**(0)**	**—**	**(2)**	**(3)**
Deconsolidation of subsidiaries	**12**	**0**	**0**	**12**
Exchange differences on translating foreign operations	**(9)**	**(31)**	**(6)**	**(46)**
Others	**2**	**34**	**(1)**	**35**
Balance as of March 31, 2014	**$(863)**	**$(567)**	**$(52)**	**$(1,482)**

[Carrying amount]

	Software	Sales licenses, trademarks and customer relationships	Others	Total
2014 (Millions of Yen)	**¥21,434**	**¥165,226**	**¥10,706**	**¥197,366**
2013 (Millions of Yen)	¥20,805	¥114,864	¥5,567	¥141,236
2014 (Millions of U.S. Dollars)	**$208**	**$1,604**	**$104**	**$1,916**

Among sales licenses, trademarks and customer relationships, significant portions as of March 31, 2014 are related to TBC Corporation of ¥47,970 million ($466 million; average remaining amortization period of 19 years) and Edgen Group ¥46,689 million ($453 million; average remaining amortization period of 18 years), respectively, and as of March 31, 2013 are related to TBC Corporation of ¥44,722 million.

Intangible assets with finite useful lives are amortized over their useful lives.

Amortization expenses on intangible assets are 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, 2014 and 2013 included above are ¥5,837 million ($57 million) and ¥6,062 million, respectively, and consist mainly of trademarks. Those trademarks are 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, 2014 and 2013 are ¥705 million ($7 million) and ¥613 million, respectively, and are included in Intangible assets, mainly software.

The internally generated intangible assets, net of accumulated amortization and impairment losses, as of March 31, 2014 and 2013 are ¥5,044 million ($49 million) and ¥6,734 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, 2014 and 2013 are as follows:

[Cost]

	Millions of Yen		Millions of U.S. Dollars
	2014	2013	**2014**
Balance, beginning of year	**¥332,136**	¥288,154	**$3,224**
Acquisitions	**51,770**	75,863	**503**
Disposals	**(76,369)**	(32,389)	**(741)**
Exchange differences on translating foreign operations	**1,493**	2,301	**14**
Reclassification	**(4,759)**	(1,608)	**(46)**
Others	**257**	(185)	**2**
Balance, end of year	**¥304,528**	¥332,136	**$2,956**

[Accumulated depreciation and impairment losses]

	Millions of Yen		Millions of U.S. Dollars
	2014	2013	**2014**
Balance, beginning of year	**¥(68,154)**	¥(72,591)	**$(662)**
Depreciation expenses	**(3,836)**	(4,435)	**(37)**
Impairment losses	**(790)**	(988)	**(8)**
Reversal of impairment losses	**—**	2,469	**—**
Disposals	**22,660**	7,818	**220**
Exchange differences on translating foreign operations	**(116)**	(239)	**(1)**
Reclassification	**1,705**	(135)	**17**
Others	**605**	(53)	**6**
Balance, end of year	**¥(47,926)**	¥(68,154)	**$(465)**

Impairment losses recognized for the year ended March 31, 2014 are ¥790 million ($8 million). Impairment losses and reversal of impairment losses recognized for the year ended March 31, 2013 were ¥988 million and ¥2,469 million, respectively. Impairment losses and reversal of impairment losses are included in “Impairment losses on long-lived assets” in the Consolidated statement of comprehensive income. Impairment losses for the years ended March 31, 2014 and 2013 are recognized mainly in respect to the office buildings leased in Japan and those impairment losses are recognized in Media, Network, Lifestyle Related Goods & Services 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.

[Carrying amount and fair value]

	Carrying amount	Fair value
2014 (Millions of Yen)	**¥256,602**	**¥303,209**
2013 (Millions of Yen)	¥263,982	¥303,765
2014 (Millions of U.S. Dollars)	**$2,491**	**$2,944**

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.

All of Investment Property are classified in the level 3 under International Financial Reporting Standard No. 13 *Fair Value Measurement*, and measured with unobservable inputs for the assets or liabilities.

Rental income from investment property for the years ended March 31, 2014 and 2013 are ¥22,817 million ($222 million) and ¥25,377 million, respectively, and are 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, 2014 and 2013 are ¥16,058 million ($156 million) and ¥16,574 million, respectively, and are included mainly in "Cost."

15. BIOLOGICAL ASSETS

Biological assets as of March 31, 2014 and 2013 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2014	2013	**2014**
Balance, beginning of year	**¥11,259**	¥ —	**$109**
Increases due to purchases	**15**	—	**0**
Decreases due to harvest	**(1,315)**	—	**(13)**
The gain or loss arising from changes in fair value less costs to sell	**1,514**	—	**15**
Exchange differences on translating foreign operations	**1,520**	—	**15**
Acquisitions through business combinations	**—**	11,259	**—**
Balance, end of year	**¥12,993**	¥11,259	**$126**

The Companies own forest assets (mainly pines) in New Zealand. The assets are measured at fair value less estimated selling cost.

All of Biological Assets are classified in the level 3 under International Financial Reporting Standard No. 13 *Fair Value Measurement*, and measured with unobservable inputs for the assets or liabilities.

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, 2014 and 2013 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2014	2013	**2014**
Deferred tax assets:			
Net operating loss carry forwards	**¥ 68,521**	¥ 64,641	**$ 665**
Securities and other investments	**21,718**	28,884	**211**
Inventories and long-lived assets	**63,274**	57,327	**614**
Allowance for doubtful receivables	**5,430**	5,870	**53**
Retirement benefit plans	**9,442**	20,188	**91**
Others	**71,042**	41,396	**690**
Deferred tax assets total	**¥ 239,427**	¥ 218,306	**$ 2,324**
Deferred tax liabilities:			
Investments accounted for using the equity method	**¥ (50,298)**	¥ (53,039)	**$ (488)**
Securities and other investments	**(80,197)**	(62,327)	**(779)**
Long-lived assets	**(101,968)**	(80,768)	**(990)**
Others	**(55,350)**	(26,392)	**(537)**
Deferred tax liabilities total	**¥(287,813)**	¥(222,526)	**$(2,794)**

Deferred tax assets and liabilities reported in the Consolidated statement of financial position as of March 31, 2014 and 2013 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2014	2013	**2014**
Deferred tax assets	**¥ 92,411**	¥ 89,428	**$ 897**
Deferred tax liabilities	**(140,797)**	(93,648)	**(1,367)**

Changes in deferred tax assets and liabilities for the years ended March 31, 2014 and 2013 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2014	2013	2014
Net deferred tax assets (liabilities):			
Balance, beginning of year	**¥ (4,220)**	¥ 24,878	**$ (42)**
Amount recognized in other comprehensive income:			
Financial assets measured at FVTOCI	**(25,047)**	(18,616)	**(243)**
Remeasurements of defined benefit pension plans	**(1,163)**	411	**(11)**
Exchange differences on translating foreign operations	**5,180**	8,761	**51**
Cash-flow hedges	**(426)**	686	**(4)**
Share of other comprehensive income of investments accounted for using the equity method	**(28)**	31	**(0)**
Amount recognized in profit or loss	**(33,526)**	(32,187)	**(326)**
Effects of acquisitions and divestitures	**10,844**	11,816	**105**
Balance, end of year	**¥(48,386)**	¥ (4,220)	**$(470)**

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, 2014 and 2013 was a decrease of ¥9,552 million ($93 million) and a decrease of ¥202 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 reduce 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 ¥157,000 million ($1,524 million) and ¥37,408 million ($363 million) as of March 31, 2014 and ¥164,641 million and ¥16,266 million as of March 31, 2013, 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 ¥116 billion ($1 billion) as of March 31, 2014 and ¥93 billion as of March 31, 2013, 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 are not recognized as of March 31, 2014 and 2013 expire as follows:

	Millions of Yen		Millions of U.S. Dollars
	2014	2013	2014
1st year	**¥ 1,098**	¥ 1,462	**$ 11**
2nd year	**279**	1,518	**3**
3rd year	**67**	139	**0**
4th year	**4,733**	76	**46**
5th year and thereafter	**150,823**	161,446	**1,464**
Total	**¥157,000**	¥164,641	**$1,524**

As of March 31, 2014 and 2013, 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, 2014 and 2013 totaled to ¥1,007,318 million ($9,780 million) and ¥823,924 million, respectively.

Other current assets as of March 31, 2014 and 2013 included tax receivables of ¥31,789 million ($309 million) and ¥30,470 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, 2014 and 2013 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2014	2013	**2014**
Secured:			
Loans from banks and insurance companies, maturing serially through 2032, average interest rate 2.90%	**¥ 432,618**	¥ 453,768	**$ 4,200**
Bonds payable in U.S. dollars, maturing serially through 2020, fixed interest rate 8.75%	**42,108**	17,026	**409**
Bonds payable in G.B. pounds, maturing serially through 2031, fixed interest rate 2.87%	**—**	19,189	**—**
Bonds payable in Indonesian rupiah, maturing serially through 2014, average interest rate 10.11%	**4,550**	16,415	**44**
Unsecured:			
Loans from banks and insurance companies, maturing serially through 2034, average interest rate 1.04%	**2,909,187**	2,581,382	**28,244**
Bonds payable in Japanese yen due,			
2013, fixed rates 1.15% to 1.52%	**—**	20,000	**—**
2014, fixed rates 1.77% to 1.83%	**20,123**	40,391	**195**
2015, floating rate 0.84%	**15,000**	15,000	**146**
2016, fixed rates 0.26% to 2.12%	**56,796**	57,531	**551**
2017, fixed and floating rates 0.50% to 1.98%	**30,540**	30,685	**296**
2018, fixed and floating rates 0.34% to 1.89%	**30,648**	30,791	**298**
2019, fixed rates 0.76% to 2.21%	**36,758**	37,040	**357**
2020, fixed rates 1.01% to 1.46%	**20,880**	21,012	**203**
2022, fixed rates 0.88% to 1.71%	**87,712**	88,240	**852**
2023, fixed rate 0.86%	**29,937**	—	**291**
2024, fixed rate 0.83%	**14,968**	—	**145**
2029, fixed rate 1.29%	**15,011**	—	**146**
2030, fixed rate 2.26%	**11,078**	11,263	**108**
2031, fixed rate 2.19%	**10,808**	10,982	**105**
Bonds payable in Japanese yen due 2013 with detachable warrants, fixed rate 0.25%	**—**	34,638	**—**
Medium-term notes, maturing serially through 2020, average interest rate 0.86%	**59,242**	53,974	**575**
Subtotal	**3,827,964**	3,539,327	**37,165**
Less: Current maturities	**(465,411)**	(373,590)	**(4,519)**
Bonds and borrowings (non-current)	**¥3,362,553**	¥3,165,737	**$32,646**

Details of the bonds and borrowings (current) as of March 31, 2014 and 2013 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2014	2013	**2014**
Short-term loans, principally from banks	**¥316,941**	¥223,429	**$3,077**
Commercial paper	**94,027**	98,646	**913**
Total	**¥410,968**	¥322,075	**$3,990**

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, 2014 and 2013 are 1.99% and 1.15%, respectively.

The weighted average interest rates for commercial paper for the years ended March 31, 2014 and 2013 are 0.58% and 0.33%, 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 ($4,320 million) with domestic banks. All these lines of credit were unused as of March 31, 2014.

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, 2014 and 2013, 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, 2014 and 2013.

(2) Assets Pledged as Security

Assets pledged to secure bonds and debt including borrowings as of March 31, 2014 and 2013 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2014	2013	**2014**
Cash and deposits	**¥ 61,398**	¥ 63,713	**$ 596**
Marketable securities and investments	**160,522**	105,098	**1,558**
Trade and other receivables	**516,830**	507,918	**5,018**
Inventories	**91,456**	20,442	**888**
Property, plant and equipment (Carrying amount)	**96,279**	150,922	**935**
Investment property (Carrying amount)	**4,339**	13,603	**42**
Total	**¥930,824**	¥861,696	**$9,037**

The corresponding liabilities as of March 31, 2014 and 2013 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2014	2013	**2014**
Bonds, borrowings and others	**¥637,349**	¥618,441	**$6,188**

In addition to the above, marketable securities and investments of ¥9,276 million ($90 million) are pledged in lieu of a monetary deposit as of March 31, 2014.

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, 2014 and 2013 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2014	2013	**2014**
Notes payable	**¥ 44,285**	¥ 50,059	**$ 430**
Accounts payable	**865,356**	874,159	**8,401**
Payables to equity-accounted investees	**55,373**	44,544	**538**
Finance lease obligations	**79,924**	59,418	**776**
Other payables	**170,061**	158,373	**1,651**
Trade and other payables	**¥1,214,999**	¥1,186,553	**$11,796**

The amount of Trade and other payables above includes financial liabilities measured at FVTPL of ¥67,000 million ($650 million) and ¥56,703 million as of March 31, 2014 and 2013, respectively.

Payables to equity-accounted investees above include finance lease obligations of ¥8,940 million ($87 million) and ¥6,904 million as of March 31, 2014 and 2013, respectively.

Trade and other payables in the Consolidated statement of financial position as of March 31, 2014 and 2013 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2014	2013	**2014**
Current liabilities	**¥1,076,713**	¥1,080,699	**$10,453**
Non-current liabilities	**138,286**	105,854	**1,343**
Total	**¥1,214,999**	¥1,186,553	**$11,796**

19. PROVISIONS

The changes in Provisions for the year ended March 31, 2014 are as follows:

	Millions of Yen			
	Asset retirement obligations	Employee benefits	Other provisions	Total
Balance, beginning of year	**¥22,401**	**¥1,522**	**¥20,391**	**¥44,314**
Provisions made	**1,860**	**78**	**3,490**	**5,428**
Provisions used	**(649)**	**—**	**(4,365)**	**(5,014)**
Accretion expense	**876**	**—**	**—**	**876**
Others	**1,625**	**25**	**106**	**1,756**
Balance, end of year	**¥26,113**	**¥1,625**	**¥19,622**	**¥47,360**

	Millions of Yen			
	Asset retirement obligations	Employee benefits	Other provisions	Total
Current	**¥ 72**	**¥ —**	**¥ 6,158**	**¥ 6,230**
Non-current	**26,041**	**1,625**	**13,464**	**41,130**
Total	**¥26,113**	**¥1,625**	**¥19,622**	**¥47,360**

	Millions of U.S. Dollars			
	Asset retirement obligations	Employee benefits	Other provisions	Total
Balance, beginning of year	**$217**	**$15**	**$198**	**$430**
Provisions made	**18**	**1**	**33**	**52**
Provisions used	**(7)**	**—**	**(42)**	**(49)**
Accretion expense	**9**	**—**	**—**	**9**
Others	**16**	**0**	**1**	**17**
Balance, end of year	**$253**	**$16**	**$190**	**$459**

	Millions of U.S. Dollars			
	Asset retirement obligations	Employee benefits	Other provisions	Total
Current	**$ 1**	**$—**	**$ 59**	**$ 60**
Non-current	**252**	**16**	**131**	**399**
Total	**$253**	**$16**	**$190**	**$459**

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.

The Company has a responsibility to manage pension assets faithfully and has an obligation to make employee benefit contribution comply with laws and regulations. Under the Defined Benefit Corporate Pension Act, the Company recalculates the amount of pension contribution every three years to ascertain the validity of the contribution and so forth.

The Company establishes the steering committee organized by related officers and employees as an advisory body to discuss important issues concerning the pension plan. The committee holds a meeting timely to report net gains from investment, status of the system and method of accounting or to argue system revisions and investment policy change.

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.

Changes in the present value of the defined benefit obligations and changes in the fair value of the plan assets for the years ended March 31, 2014 and 2013 are as follows:

[Changes in the defined benefit obligations]

	Millions of Yen		Millions of U.S. Dollars
	2014	2013	**2014**
Balance, beginning of year	**¥(306,765)**	¥(252,442)	**$(2,978)**
Service cost	**(10,384)**	(9,258)	**(101)**
Interest on obligation	**(4,921)**	(5,030)	**(48)**
Past service cost	**(3)**	(509)	**(0)**
Remeasurement			
— actuarial gains (losses) arising from changes in demographic assumptions	**(13,422)**	(822)	**(131)**
— actuarial gains (losses) arising from changes in financial assumptions	**4,644**	(14,850)	**45**
— others	**(614)**	(9,855)	**(6)**
Exchange differences on translating foreign operations	**(4,697)**	(4,778)	**(45)**
Benefits paid	**12,843**	11,502	**125**
Settlements	**—**	2,622	**—**
Acquisitions and disposals	**11,976**	(23,345)	**116**
Balance, end of year	**¥(311,343)**	¥(306,765)	**$(3,023)**

[Changes in the plan assets]

	Millions of Yen		Millions of U.S. Dollars
	2014	2013	**2014**
Balance, beginning of year	**¥295,201**	¥243,394	**$2,866**
Interest on plan assets	**5,195**	5,525	**50**
Remeasurement	**12,416**	23,543	**121**
Exchange differences on translating foreign operations	**1,096**	2,310	**11**
Contributions by the employer	**15,583**	15,463	**151**
Benefits paid	**(11,326)**	(10,694)	**(110)**
Acquisitions and disposals	**(12,662)**	15,660	**(123)**
Balance, end of year	**¥305,503**	¥295,201	**$2,966**

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 policy is 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 return and risk on plan assets 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 management companies 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 27% equity securities, 44% debt securities, and 29% others.

The Companies hold a meeting regularly with the asset management institutions and discuss important issues regarding pension assets investment and, request the institutions to inform violations of investment policy and important business and operating conditions of the institutions.

The major categories of plan assets as of March 31, 2014 are as follows:

	Millions of Yen		
Categories of plan assets	Prices are quoted in a market	Prices are not quoted in a market	Total
Cash and cash equivalents	**¥ 41,553**	**¥ —**	**¥ 41,553**
Equity securities:			
Domestic	**29,006**	**—**	**29,006**
Foreign	**56,209**	**—**	**56,209**
Debt securities:			
Domestic	**84,650**	**—**	**84,650**
Foreign	**40,270**	**—**	**40,270**
Hedge funds	**—**	**31,211**	**31,211**
Life insurance company general accounts	**—**	**17,641**	**17,641**
Private equity	**—**	**3,115**	**3,115**
Others	**—**	**1,848**	**1,848**
Total	**¥251,688**	**¥53,815**	**¥305,503**

The major categories of plan assets as of March 31, 2013 are as follows:

	Millions of Yen		
Categories of plan assets	Prices are quoted in a market	Prices are not quoted in a market	Total
Cash and cash equivalents	¥ 7,345	¥ —	¥ 7,345
Equity securities:			
Domestic	28,064	—	28,064
Foreign	38,634	—	38,634
Debt securities:			
Domestic	103,492	—	103,492
Foreign	64,690	—	64,690
Hedge funds	—	26,037	26,037
Life insurance company general accounts	—	15,108	15,108
Private equity	—	4,321	4,321
Others	—	7,510	7,510
Total	¥242,225	¥52,976	¥295,201

The major categories of plan assets as of March 31, 2014 are as follows:

	Millions of U.S. Dollars		
Categories of plan assets	Prices are quoted in a market	Prices are not quoted in a market	Total
Cash and cash equivalents	**$ 403**	**$ —**	**$ 403**
Equity securities:			
Domestic	**282**	**—**	**282**
Foreign	**546**	**—**	**546**
Debt securities:			
Domestic	**822**	**—**	**822**
Foreign	**391**	**—**	**391**
Hedge funds	**—**	**303**	**303**
Life insurance company general accounts	**—**	**171**	**171**
Private equity	**—**	**30**	**30**
Others	**—**	**18**	**18**
Total	**$2,444**	**$522**	**$2,966**

Principal assumptions used in the actuarial valuations for the years ended March 31, 2014 and 2013 are as follows:

	%	
	2014	2013
Discount rate as of March 31	**1.8**	1.4
The expected rate of salary increase	**2.6**	2.8

The changes in the key assumptions may affect the valuations of defined benefit obligations as of March 31, 2014. A 0.5% increase in discount rate would lead to a decrease of ¥17,916 million ($174 million). A 0.5% decrease in discount rate would lead to an increase of ¥21,800 million ($212 million). This analysis shows the sensitivity to the key assumptions without taking into account projected all cash flow information.

The employer's contributions expected to be paid for the year ending March 31, 2015 are ¥15,611 million ($152 million).

The weighted-average duration of the defined benefit obligation for the year ending March 31, 2014 is 18 years.

The Companies' pension and retirement benefits expense at the defined contribution plans for the years ended March 31, 2014 and 2013 are ¥4,534 million ($44 million) and ¥3,872 million, respectively.

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 amount of contributions expected to be paid by the subsidiaries for the year ending March 31, 2015 are ¥664 million ($6 million).

(2) Employee Benefits Expense

The employee benefits expense included in “Cost” for the years ended March 31, 2014 and 2013 are ¥115,983 million ($1,126 million) and ¥100,148 million, respectively.

21. COMMON STOCK

The numbers of shares authorized and issued as of March 31, 2014 and 2013 are as follows:

	2014 (Number of shares)	2013 (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, 2014 and 2013 included in the number of shares issued shown above were 2,962,337 shares and 106,633 shares, respectively.

22. RESERVES

(1) Additional Paid-in Capital

Under the Companies Act of Japan (“the Companies Act”), 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 Companies Act permits, upon approval at the general meeting of shareholders, the transfer of amounts from Additional paid-in capital to Common stock.

(2) Retained Earnings

The Companies Act 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 Companies Act is based on the amount recorded in the Company’s general accounting records maintained in accordance with accounting principles generally accepted in Japan.

The Companies Act limits the amount of retained earnings available for dividends. Retained earnings of ¥469,709 million ($4,560 million) and ¥366,067 million, shown by the Company’s accounting records for the years ended March 31, 2014 and 2013, respectively, were not restricted by the limitations under the Companies Act.

23. OTHER COMPONENTS OF EQUITY AND OTHER COMPREHENSIVE INCOME (LOSS)

The changes in Other components of equity for the years ended March 31, 2014 and 2013 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2014	2013	2014
Financial assets measured at FVTOCI			
Balance, beginning of year	¥118,672	¥ 57,924	$1,152
Adjustment for the year	47,354	34,411	460
Transfer to retained earnings	(14,820)	26,337	(144)
Balance, end of year	¥151,206	¥ 118,672	$1,468
Remeasurements of defined benefit pension plans			
Balance, beginning of year	¥ —	¥ —	$ —
Adjustment for the year	487	(2,325)	5
Transfer to retained earnings	(487)	2,325	(5)
Balance, end of year	¥ —	¥ —	$ —
Exchange differences on translating foreign operations			
Balance, beginning of year	¥ 65,308	¥(112,052)	$ 634
Adjustment for the year	141,623	177,360	1,375
Balance, end of year	¥206,931	¥ 65,308	$2,009
Cash-flow hedges			
Balance, beginning of year	¥ (10,936)	¥ (8,879)	$ (106)
Adjustment for the year	(979)	(2,057)	(10)
Balance, end of year	¥ (11,915)	¥ (10,936)	$ (116)
Other components of equity			
Balance, beginning of year	¥173,044	¥ (63,007)	$1,680
Adjustment for the year	188,485	207,389	1,830
Transfer to retained earnings	(15,307)	28,662	(149)
Balance, end of year	¥346,222	¥ 173,044	$3,361

The following table provides each component of Other comprehensive income (loss) included in Non-controlling interests for the years ended March 31, 2014 and 2013.

	Millions of Yen		Millions of U.S. Dollars
	2014	2013	2014
Financial assets measured at FVTOCI	¥ 261	¥ 77	$ 3
Remeasurements of defined benefit pension plans	982	548	10
Exchange differences on translating foreign operations	5,710	5,225	55
Cash-flow hedges	5	(8)	0
Other comprehensive income (loss)	¥6,958	¥5,842	$68

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, 2014 and 2013.

	Millions of Yen		
2014	Pretax amount	Tax (expense) or benefit	Net-of-tax amount
Financial assets measured at FVTOCI:			
Gains (losses) recorded in other comprehensive income during the year	**¥ 68,086**	**¥(25,047)**	**¥ 43,039**
Adjustment for the year	**68,086**	**(25,047)**	**43,039**
Remeasurements of defined benefit pension plans:			
Gains (losses) recorded in other comprehensive income during the year	**3,024**	**(1,163)**	**1,861**
Adjustment for the year	**3,024**	**(1,163)**	**1,861**
Exchange differences on translating foreign operations:			
Aggregated adjustment during the year resulting from translation of foreign currency financial statements	**142,258**	**5,223**	**147,481**
Reclassification to profit or loss for the year	**(105)**	**(43)**	**(148)**
Adjustment for the year	**142,153**	**5,180**	**147,333**
Cash-flow hedges:			
Unrealized gains (losses) arising during the year	**(6,064)**	**1,470**	**(4,594)**
Reclassification to profit or loss for the year	**7,763**	**(1,896)**	**5,867**
Adjustment for the year	**1,699**	**(426)**	**1,273**
Share of other comprehensive income of investments accounted for using the equity method:			
Unrealized gains (losses) arising during the year	**(888)**	**(28)**	**(916)**
Reclassification to profit or loss for the year	**2,853**	**—**	**2,853**
Adjustment for the year	**1,965**	**(28)**	**1,937**
Total other comprehensive income (loss)	**¥216,927**	**¥(21,484)**	**¥195,443**

	Millions of Yen		
2013	Pretax amount	Tax (expense) or benefit	Net-of-tax amount
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
Remeasurements of defined benefit pension plans:			
Gains (losses) recorded in other comprehensive income during the year	(1,984)	411	(1,573)
Adjustment for the year	(1,984)	411	(1,573)
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
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)
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

2014	Millions of U.S. Dollars Pretax amount	Tax (expense) or benefit	Net-of-tax amount
Financial assets measured at FVTOCI:			
Gains (losses) recorded in other comprehensive income during the year	**$ 661**	**$(243)**	**$ 418**
Adjustment for the year	**661**	**(243)**	**418**
Remeasurements of defined benefit pension plans:			
Gains (losses) recorded in other comprehensive income during the year	**29**	**(11)**	**18**
Adjustment for the year	**29**	**(11)**	**18**
Exchange differences on translating foreign operations:			
Aggregated adjustment during the year resulting from translation of foreign currency financial statements	**1,381**	**51**	**1,432**
Reclassification to profit or loss for the year	**(1)**	**(0)**	**(1)**
Adjustment for the year	**1,380**	**51**	**1,431**
Cash-flow hedges:			
Unrealized gains (losses) arising during the year	**(59)**	**14**	**(45)**
Reclassification to profit or loss for the year	**75**	**(18)**	**57**
Adjustment for the year	**16**	**(4)**	**12**
Share of other comprehensive income of investments accounted for using the equity method:			
Unrealized gains (losses) arising during the year	**(9)**	**(0)**	**(9)**
Reclassification to profit or loss for the year	**28**	**—**	**28**
Adjustment for the year	**19**	**(0)**	**19**
Total other comprehensive income (loss)	**$2,105**	**$(207)**	**$1,898**

24. DIVIDENDS

(1) Dividends paid during the years ended March 31, 2014 and 2013 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 22, 2012	Ordinary shares	¥32,503	¥26	March 31, 2012	June 25, 2012
Board of Directors' meeting held on October 31, 2012	Ordinary shares	¥31,257	¥25	September 30, 2012	December 3, 2012
Ordinary general meeting of shareholders held on June 21, 2013	Ordinary shares	¥26,260 ($255)	¥21 ($0.20)	March 31, 2013	June 24, 2013
Board of Directors' meeting held on October 31, 2013	Ordinary shares	¥28,762 ($279)	¥23 ($0.22)	September 30, 2013	December 2, 2013

(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 20, 2014	Ordinary shares	¥29,943 ($291)	Retained earnings	¥24 ($0.23)	March 31, 2014	June 23, 2014

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 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 options for 198,000 shares were granted under these authorizations. On May 14, 2014, the Board of Directors authorized the issue of new stock options for up to 202,000 shares of common stock.

The Company's stock option activities for the years ended March 31, 2014 and 2013 are as follows:

	2014			2013	
	Number of shares	Weighted average exercise price		Number of shares	Weighted average exercise price
		Yen	U.S. Dollars		Yen
Outstanding, beginning of year	**547,000**	**¥1,150**	**$11**	655,000	¥1,327
Granted	**198,000**	**1,312**	**13**	211,000	1,125
Exercised	**121,000**	**1,075**	**10**	73,000	1,027
Cancelled or expired	**142,000**	**1,312**	**13**	246,000	1,637
Outstanding, end of year	**482,000**	**1,187**	**12**	547,000	1,150
Options exercisable, end of year	**285,000**	**¥1,101**	**$11**	348,000	¥1,164

Stock options outstanding and exercisable as of March 31, 2014 are as follows:

	2014						
	Outstanding				Exercisable		
Exercise price range	Number of shares	Weighted average exercise price		Weighted average remaining life in years	Number of shares	Weighted average exercise price	
Yen		Yen	U.S. Dollars			Yen	U.S. Dollars
¥1,001–1,200	**285,000**	**¥1,101**	**$11**	**2.58**	**285,000**	**¥1,101**	**$11**
1,201–1,400	**197,000**	**1,312**	**13**	**4.25**	**—**	**—**	**—**
	482,000	**¥1,187**	**$12**	**3.26**	**285,000**	**¥1,101**	**$11**

The weighted-average fair value of these stock options was estimated using the Black-Scholes option pricing model with the following assumptions:

	2014	2013
Expected life (year)	**4.5**	4.5
Risk-free rate (%)	**0.25**	0.16
Expected volatility (%)	**28.08**	37.75
Expected dividend yield (%)	**3.48**	3.24

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 15, 2013, the Board of Directors, and June 21, 2013, the ordinary general meeting of shareholders, authorized the issue of new stock options under these stock-linked compensation plans for up to 260,000 shares of common stock. Options for 156,900 shares were granted under these authorizations. On May 14, 2014, the Board of Directors authorized the issue of new stock options for up to 250,000 shares of common stock based on the plans.

The Company's stock-linked compensation plans for the years ended March 31, 2014 and 2013 are as follows:

	2014	2013
	Number of shares	Number of shares
Outstanding, beginning of year	**759,900**	851,400
Granted	**156,900**	205,300
Exercised	**29,900**	296,800
Cancelled or expired	**—**	—
Outstanding, end of year	**886,900**	759,900
Options exercisable, end of year	**240,400**	151,200

The weighted-average fair value of these stock-linked compensation plans was estimated using the Black-Scholes option pricing model with the following assumptions:

	2014	2013
Expected life (year)	**3.03**	3.31
Risk-free rate (%)	**0.14**	0.10
Expected volatility (%)	**25.16**	28.36
Expected dividend yield (%)	**3.73**	3.35

Compensation expense incurred on the stock option plans and the stock-linked compensation plans for the years ended March 31, 2014 and 2013 are ¥227 million ($2 million) and ¥259 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 Companies hedge against the exchange rate risks of major investments denominated in foreign currencies and review 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 Companies are 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, 2014 and 2013 are as follows:

	2014					
	U.S. Dollars	G.B. Pounds	Chinese Yuan	Euro	Others	Total
Recurring positions:						
Millions of Yen	**(16,184)**	**335**	**9,964**	**(4,339)**	**4,737**	**(5,487)**
Thousands of local currency	**(157,250)**	**1,956**	**600,625**	**(30,632)**	**—**	**—**
Non-recurring positions:						
Millions of Yen	**19,983**	**169**	**4,055**	**879**	**35,516**	**60,602**
Thousands of local currency	**194,163**	**984**	**244,450**	**6,203**	**—**	**—**

	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	—	—

*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
	2014	2013	**2014**
Profit before tax	**¥55**	¥(214)	**$1**

b) Forward foreign exchange contracts

Forward foreign exchange contracts outstanding as of March 31, 2014 and 2013 are mainly as follows:

	Average exchange rate	Foreign currency	Notional amount	Fair value
2014	Yen	Thousands of local currency	Millions of Yen	Millions of Yen
Buy U.S. Dollar/Sell Japanese Yen				
Due in 1 year or less	**¥ 98.92**	**$2,018,343**	**¥199,646**	**¥ 6,471**
Due after 1 year	**83.94**	**217,928**	**18,292**	**3,774**
Buy Japanese Yen/Sell U.S. Dollar				
Due in 1 year or less	**101.16**	**3,081,903**	**311,772**	**(5,415)**
Due after 1 year	**91.39**	**164,404**	**15,024**	**(1,590)**

	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 1 year or less	¥87.07	$2,277,264	¥198,279	¥15,806
Due after 1 year	80.70	303,117	24,460	3,564
Buy Japanese Yen/Sell U.S. Dollar				
Due in 1 year or less	90.78	3,001,700	272,486	(9,898)
Due after 1 year	84.99	239,739	20,375	(1,760)

c) Currency swap agreements

Currency swap agreements outstanding as of March 31, 2014 and 2013 are mainly as follows:

	Average exchange rate	Foreign currency	Notional amount	Fair value
2014	Yen	Thousands of local currency	Millions of Yen	Millions of Yen
Buy U.S. Dollar/Sell Japanese Yen				
Due in 1 year or less	**¥101.68**	**$2,200,393**	**¥223,740**	**¥ (2,724)**
Buy Japanese Yen/Sell U.S. Dollar				
Due in 1 year or less	**—**	**—**	**—**	**—**
Due after 1 year	**80.71**	**1,644,850**	**132,762**	**36,526**

	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 1 year or less	¥ 89.88	$1,883,426	¥169,281	¥ (7,855)
Buy Japanese Yen/Sell U.S. Dollar				
Due in 1 year or less	119.52	8,367	1,000	10
Due after 1 year	79.50	1,544,850	122,811	22,483

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, 2014 and 2013 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
	2014	2013	**2014**
Profit before tax	**¥(13,385)**	¥(12,391)	**$(130)**

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, 2014 and 2013:

The Companies use the VaR for the purpose of risk management by each organization and do not eliminate inter-company transactions.

	Millions of Yen			
	2014			
	At year-end	High	Low	Average
VaR	**¥3,241**	**¥5,194**	**¥2,827**	**¥4,081**

	Millions of Yen			
	2013			
	At year-end	High	Low	Average
VaR	¥3,861	¥5,618	¥3,861	¥4,694

	Millions of U.S. Dollars			
	2014			
	At year-end	High	Low	Average
VaR	**$31**	**$50**	**$27**	**$40**

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, 2013 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 several unused long-term committed lines of credit and 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, 2014 and 2013 are as follows:

	Millions of Yen			
	Due in 1 year or less	Due after 1 year through 5 years	Due after 5 years	Total
2014				
Bonds and borrowings	**¥ 876,379**	**¥1,850,925**	**¥1,511,628**	**¥4,238,932**
Trade and other payables	**1,047,246**	**41,686**	**35,077**	**1,124,009**
Financial guarantee contracts	**58,512**	**130,369**	**65,359**	**254,240**
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

	Millions of U.S. Dollars			
	Due in 1 year or less	Due after 1 year through 5 years	Due after 5 years	Total
2014				
Bonds and borrowings	**$ 8,509**	**$17,970**	**$14,676**	**$41,155**
Trade and other payables	**10,167**	**405**	**341**	**10,913**
Financial guarantee contracts	**568**	**1,266**	**635**	**2,469**

The Companies' liquidity analysis for derivatives as of March 31, 2014 and 2013 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 1 year or less	Due after 1 year through 5 years	Due after 5 years	Total
2014					
Interest rate contracts	cash receipt	**¥ 9,874**	**¥ 28,553**	**¥11,460**	**¥ 49,887**
	/ (payment)	**(1,401)**	**(3,878)**	**(2,587)**	**(7,866)**
Foreign exchange contracts	cash receipt	**13,516**	**43,488**	**6,962**	**63,966**
	/ (payment)	**(11,014)**	**(10,338)**	**—**	**(21,352)**
Commodity contracts	cash receipt	**33,164**	**16,410**	**426**	**50,000**
	/ (payment)	**(33,697)**	**(20,501)**	**(1,637)**	**(55,835)**
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)

		Millions of U.S. Dollars			
		Due in 1 year or less	Due after 1 year through 5 years	Due after 5 years	Total
2014					
Interest rate contracts	cash receipt	**$ 96**	**$ 277**	**$111**	**$ 484**
	/ (payment)	**(13)**	**(38)**	**(25)**	**(76)**
Foreign exchange contracts	cash receipt	**131**	**422**	**68**	**621**
	/ (payment)	**(107)**	**(100)**	**—**	**(207)**
Commodity contracts	cash receipt	**322**	**159**	**4**	**485**
	/ (payment)	**(328)**	**(199)**	**(16)**	**(543)**

(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, 2014 and 2013 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	
	2014	
	Carrying amounts	Fair value
Financial assets measured at amortized cost:		
Trade and other receivables	**¥2,232,173**	**¥2,235,806**
Financial liabilities measured at amortized cost:		
Bonds and borrowings	**4,238,932**	**4,256,273**
Trade and other payables	**1,147,999**	**1,147,961**

	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 U.S. Dollars	
	2014	
	Carrying amounts	Fair value
Financial assets measured at amortized cost:		
Trade and other receivables	**$21,672**	**$21,707**
Financial liabilities measured at amortized cost:		
Bonds and borrowings	**41,155**	**41,323**
Trade and other payables	**11,146**	**11,145**

3. Financial instruments measured at fair value

International Financial Reporting Standard No. 13 *Fair Value Measurement* 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, 2014 and 2013 are as follows:

	Millions of Yen			
2014	Level 1	Level 2	Level 3	Total
Assets:				
Securities and other investments				
Financial assets measured at FVTPL	**¥ 45,632**	**¥ 54**	**¥ 26,608**	**¥ 72,294**
Financial assets measured at FVTOCI	**347,728**	**26,148**	**87,157**	**461,033**
Trade and other receivables measured at FVTPL	**—**	**39,254**	**—**	**39,254**
Other financial assets (derivatives)				
Derivatives designated as hedges	**—**	**52,966**	**—**	**52,966**
Derivatives not designated as hedges	**5,368**	**104,730**	**—**	**110,098**
Total	**¥398,728**	**¥ 223,152**	**¥113,765**	**¥ 735,645**
Liabilities:				
Trade and other payables measured at FVTPL	**¥ —**	**¥ (67,000)**	**¥ —**	**¥ (67,000)**
Other financial liabilities (derivatives)				
Derivatives designated as hedges	**—**	**(13,633)**	**—**	**(13,633)**
Derivatives not designated as hedges	**(7,603)**	**(55,615)**	**(8,030)**	**(71,248)**
Total	**¥ (7,603)**	**¥(136,248)**	**¥ (8,030)**	**¥(151,881)**

	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)

2014	Millions of U.S. Dollars Level 1	Level 2	Level 3	Total
Assets:				
Securities and investments				
Financial assets measured at FVTPL	$ 443	$ 1	$ 258	$ 702
Financial assets measured at FVTOCI	3,376	254	846	4,476
Trade and other receivables measured at FVTPL	—	381	—	381
Other financial assets (derivatives)				
Derivatives designated as hedges	—	514	—	514
Derivatives not designated as hedges	52	1,017	—	1,069
Total	$3,871	$ 2,167	$1,104	$7,142
Liabilities:				
Trade and other payables measured at FVTPL	$ —	$ (650)	$ —	$ (650)
Other financial liabilities (derivatives)				
Derivatives designated as hedges	—	(132)	—	(132)
Derivatives not designated as hedges	(74)	(540)	(78)	(692)
Total	$ (74)	$(1,322)	$ (78)	$(1,474)

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, 2014 is as follows:

2014	Millions of Yen Financial assets measured at FVTPL	Financial assets measured at FVTOCI	Net other financial assets (liabilities)
Balance, beginning of year	¥ 30,863	¥ 92,268	¥(10,629)
Purchases	6,453	2,169	—
Comprehensive income			
Profit or loss for the year	2,817	—	(2,307)
Other comprehensive income	—	9,786	—
Disposals	(11,681)	(10,405)	—
Settlements	(1,844)	(6,661)	4,906
Balance, end of year	¥ 26,608	¥ 87,157	¥ (8,030)
Profit or loss for the year included in earnings relating to financial instruments still held at the end of year	¥ 1,088	¥ —	¥ (2,379)

2014	Millions of U.S. Dollars Financial assets measured at FVTPL	Financial assets measured at FVTOCI	Net other financial assets (liabilities)
Balance, beginning of year	$ 300	$ 896	$(103)
Purchases	62	21	—
Comprehensive income			
Profit or loss for the year	27	—	(23)
Other comprehensive income	—	95	—
Disposals	(113)	(101)	—
Settlements	(18)	(65)	48
Balance, end of year	$ 258	$ 846	$ (78)
Profit or loss for the year included in earnings relating to financial instruments still held at the end of year	$ 11	$ —	$ (23)

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, 2014 and 2013, net gains or losses for hedged items were net gains of ¥9,180 million ($89 million) and net losses of ¥12,224 million, respectively, and net gains or losses for hedging instruments were net losses of ¥9,180 million ($89 million) and net gains of ¥12,224 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, 2014 and 2013, 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 ¥2,191 million ($21 million) and net losses of ¥2,061 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, 2014 and 2013 are as follows:

	Millions of Yen				
2014	Fair-value hedges	Cash-flow hedges	Hedges of net investment in foreign operations	Derivatives not designated as hedges	Total
[Derivative assets]					
Interest rate contracts	**¥47,212**	**¥ 55**	**¥ —**	**¥ 1,831**	**¥ 49,098**
Foreign exchange contracts	**68**	**4,268**	**208**	**59,422**	**63,966**
Commodity contracts	**—**	**1,155**	**—**	**48,845**	**50,000**
Total	**¥47,280**	**¥ 5,478**	**¥ 208**	**¥110,098**	**¥163,064**
Other financial assets (current)					**44,591**
Other financial assets (non-current)					**115,633**
Total					**¥160,224**
[Derivative liabilities]					
Interest rate contracts	**¥ (1,387)**	**¥ (4,530)**	**¥ —**	**¥ (1,777)**	**¥ (7,694)**
Foreign exchange contracts	**—**	**(5,359)**	**(1,895)**	**(14,098)**	**(21,352)**
Commodity contracts	**—**	**(462)**	**—**	**(55,373)**	**(55,835)**
Total	**¥ (1,387)**	**¥(10,351)**	**¥(1,895)**	**¥(71,248)**	**¥ (84,881)**
Other financial liabilities (current)					**(43,790)**
Other financial liabilities (non-current)					**(46,611)**
Total					**¥ (90,401)**

Other than the above, the Companies have foreign currency borrowings of ¥173,733 million ($1,687 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.

The amounts of "Other financial assets and liabilities" in the Consolidated statement of financial position that are subject to enforceable master netting arrangements or similar arrangements are ¥26,685 million ($259 million).

	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 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.

The amounts of "Other financial assets and liabilities" in the Consolidated statement of financial position that are subject to enforceable master netting arrangements or similar arrangements are ¥36,993 million.

	Millions of U.S. Dollars				
2014	Fair-value hedges	Cash-flow hedges	Hedges of net investment in foreign operations	Derivatives not designated as hedges	Total
[Derivative assets]					
Interest rate contracts	**$458**	**$ 1**	**$ —**	**$ 18**	**$ 477**
Foreign exchange contracts	**1**	**41**	**2**	**577**	**621**
Commodity contracts	**—**	**11**	**—**	**474**	**485**
Total	**$459**	**$ 53**	**$ 2**	**$1,069**	**$1,583**
Other financial assets (current)					**433**
Other financial assets (non-current)					**1,123**
Total					**$1,556**
[Derivative liabilities]					
Interest rate contracts	**$ (13)**	**$ (44)**	**$ —**	**$ (17)**	**$ (74)**
Foreign exchange contracts	**—**	**(52)**	**(18)**	**(137)**	**(207)**
Commodity contracts	**—**	**(5)**	**—**	**(538)**	**(543)**
Total	**$ (13)**	**$(101)**	**$(18)**	**$ (692)**	**$ (824)**
Other financial liabilities (current)					**(425)**
Other financial liabilities (non-current)					**(453)**
Total					**$ (878)**

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 gains of ¥13,338 million ($129 million) and losses of ¥12,272 million are included in the Consolidated statement of comprehensive income for the years ended March 31, 2014 and 2013, respectively.

28. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

The components of Selling, general and administrative expenses for the years ended March 31, 2014 and 2013 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2014	2013	**2014**
Employee benefits expenses	**¥367,556**	¥337,071	**$3,569**
Equipment expenses	**118,230**	108,417	**1,148**
Travel and transportation expenses	**27,742**	24,885	**269**
Outsourcing expenses	**56,389**	52,186	**548**
Advertising expenses	**27,686**	28,824	**269**
Amortization expenses	**18,958**	17,297	**184**
Impairment losses on receivables	**6,109**	8,472	**59**
Others	**83,683**	79,987	**812**
Selling, general and administrative expenses	**¥706,353**	¥657,139	**$6,858**

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, 2014 and 2013 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2014	2013	**2014**
Interest income:			
Financial assets measured at FVTPL	**¥ 85**	¥ 88	**$ 1**
Financial assets measured at amortized cost	**11,032**	10,782	**107**
Derivatives	**2,757**	2,469	**27**
Total	**13,874**	13,339	**135**
Interest expense:			
Financial liabilities measured at amortized cost	**(45,441)**	(41,806)	**(441)**
Derivatives	**14,125**	12,714	**137**
Total	**(31,316)**	(29,092)	**(304)**
Dividends:			
Financial assets measured at FVTPL	**2,107**	2,221	**20**
Financial assets measured at FVTOCI	**12,765**	11,201	**124**
Total	**14,872**	13,422	**144**
Gain (loss) on securities and other investments, net:			
Financial assets measured at FVTPL	**1,776**	1,187	**17**
Others	**7,064**	50,329	**69**
Total	**¥ 8,840**	¥ 51,516	**$ 86**

Others of "Gain (loss) on securities and other investments, net" are mainly gains and losses on investments in subsidiaries and associates. Gains of ¥4,285 million ($42 million) on previously held interests in newly acquired subsidiaries were recognized for the year ended March 31, 2014. Gains of ¥49,589 million, including gains of ¥23,542 million on retained interests, were recognized on deconsolidation of subsidiaries for the year ended March 31, 2013.

In addition to the above, gains or losses on revaluation of derivatives not designated as hedges for the years ended March 31, 2014 and 2013 are gains of ¥17,929 million ($174 million) and losses of ¥12,926 million in "Revenues" and "Cost," and gains of ¥680 million ($7 million) and ¥6,327 million in "Other, net," respectively.

Interest income from financial assets measured at amortized cost for the years ended March 31, 2014 and 2013 are ¥72,496 million ($704 million) and ¥80,165 million in "Revenues," and interest expense from financial liabilities measured at amortized cost are ¥23,988 million ($233 million) and ¥26,560 million in "Cost," respectively.

30. INCOME TAX EXPENSE

Income tax expense for the years ended March 31, 2014 and 2013 is as follows:

	Millions of Yen		Millions of U.S. Dollars
	2014	2013	**2014**
Current tax	**¥36,862**	¥43,139	**$358**
Deferred tax	**33,526**	32,187	**325**
Total	**¥70,388**	¥75,326	**$683**

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% for the years ended March 31, 2014 and 2013. Foreign subsidiaries are subject to income taxes of the countries in which they operate.

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, 2014 and 2013 are as follows:

	%	
	2014	2013
The applicable income tax rate in Japan	**38.0**	38.0
Tax effect on equity-accounted investees	**(12.6)**	(12.6)
Tax effect on expenses not deductible for tax purposes	**0.8**	0.6
Difference in applicable tax rate of foreign subsidiaries	**(6.0)**	(5.2)
Reassessment of the recoverability of deferred tax assets	**3.1**	(0.2)
Others—net	**(0.2)**	3.0
The Companies' average effective income tax rate	**23.1**	23.6

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, 2014 and 2013 is as follows:

	Millions of Yen		Millions of U.S. Dollars
	2014	2013	**2014**
Profit for the year attributable to owners of the parent	**¥223,064**	¥232,451	**$2,166**

	Number of shares	
	2014	2013
Weighted-average shares—basic	**1,249,036,900**	1,250,270,539
Dilutive effect of: Stock options	**891,250**	898,581
Weighted-average shares—diluted	**1,249,928,150**	1,251,169,120

	Yen		U.S. Dollars
	2014	2013	**2014**
Earnings per share (attributable to owners of the parent):			
Basic	**¥178.59**	¥185.92	**$1.73**
Diluted	**178.46**	185.79	**1.73**

32. CASH FLOW INFORMATION

Supplemental disclosure of cash flow information for the years ended March 31, 2014 and 2013 is as follows:

	Millions of Yen		Millions of U.S. Dollars
	2014	2013	**2014**
Non-cash investing and financing activities:			
Finance lease obligations incurred	**¥ 12,978**	¥ 7,913	**$ 126**
Acquisition of subsidiaries:			
Total consideration paid	**(59,530)**	(79,138)	**(578)**
Cash and cash equivalents included in assets acquired	**5,480**	3,689	**53**
Acquisition of subsidiaries, net of cash and cash equivalents acquired	**¥(54,050)**	¥(75,449)	**$(525)**

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, 2014 was ¥10,338 million ($100 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	**¥ 3,093**	**$ 30**
Trade and other receivables	**9,168**	**89**
Property, plant and equipment	**33,903**	**329**
Intangible assets	**17,582**	**171**
Other assets	**15,409**	**150**
Current liabilities	**(18,577)**	**(180)**
Non-current liabilities	**(33,635)**	**(327)**

The total consideration received in respect of sales of subsidiaries for the year ended March 31, 2013 was ¥97,010 million. Each major class of assets and liabilities at the point of sale is as follows:

	Millions of Yen
Cash and cash equivalents	¥ 14,433
Trade and other receivables	25,575
Property, plant and equipment	48,198
Intangible assets	139,121
Other assets	19,097
Current liabilities	(59,137)
Non-current liabilities	(47,021)

33. RELATED PARTY TRANSACTIONS

Compensation for directors

The remuneration for directors for the years ended March 31, 2014 and 2013 is as follows:

	Millions of Yen		Millions of U.S. Dollars
	2014	2013	**2014**
1. Monthly remuneration	**¥ 738**	¥ 788	**$ 7**
2. Bonuses resolved at the 145th ordinary general meeting of shareholders	**—**	244	**—**
3. Bonuses resolved at the 146th ordinary general meeting of shareholders	**203**	—	**2**
4. Expenses recognized for the grant of the 12th of stock option issued on July 31, 2013	**11**	—	**0**
5. Expenses recognized for the grant of the 11th of stock option issued on July 31, 2012	**—**	15	**—**
6. Expenses recognized for the grant of the 8th of stock option (stock-linked compensation plan) issued on July 31, 2013	**70**	—	**1**
7. Expenses recognized for the grant of the 7th of stock option (stock-linked compensation plan) issued on July 31, 2012	**26**	91	**0**
8. Expenses recognized for the grant of the 6th of stock option (stock-linked compensation plan) issued on July 31, 2011	**—**	17	**—**
Total	**¥1,048**	¥1,155	**$10**

34. SUBSIDIARIES

The Companies' subsidiaries as of March 31, 2014 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)
	K + S GmbH	Sachsenheim, Germany	100.00 (40.00)
	SC Steel Investment, LLC	Wilmington, U.S.	100.00
	SC Tubular and Steel Products (M.E.) FZCO	Dubai, U.A.E	100.00 (100.00)
	Edgen Group Inc.	Baton Rouge, U.S.	100.00 (100.00)
	Others (79 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 (35.14)
	Tecnologia para La Construccion y Mineria S.L.	Madrid, Spain	100.00 (60.00)
	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 (100.00)
	SC Construction Machinery (Shanghai) Corporation	Shanghai, China	100.00 (10.00)
	Summit Investment Australia Pty. Limited	Rydalmere, Austlaria	100.00 (15.00)
	Others (81 Companies)		
Environment & Infrastructure	Summit Energy Corporation	Chuo-ku, Tokyo	100.00
	Sumitomo Shoji Machinex Co., Ltd.	Chuo-ku, Tokyo	100.00
	Sumisho Global Logistics Co., Ltd.	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 (53 Companies)		
Media, Network, Lifestyle Related Goods & Services	SCSK Corporation	Koto-ku, Tokyo	51.29
	Summit, Inc.	Suginami-ku, Tokyo	100.00
	Sumisho Brand Management Corporation	Chiyoda-ku, Tokyo	100.00 (0.92)
	SEVEN INDUSTRIES CO., LTD.	Minokamo, Gifu	50.60
	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 Grain Investment (Australia) Pty Ltd	Sydney, Australia	100.00 (30.00)
	Presidio Ventures, Inc.	Santa Clara, U.S.	100.00 (100.00)
	Emerald Grain Pty Ltd	Melbourne, Australia	100.00 (100.00)
	Summit Forest Management of NZ Limited	Auckland, New Zealand	100.00 (20.00)
	Others (104 Companies)		

Business segment	Name of subsidiary	Place of incorporation and operation	Proportion of voting power held by the 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
	Summit Agri-business Corporation	Chiyoda-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)
	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
	Summit Rural Western Australia Pty. Ltd.	Kwinana, Australia	100.00 (20.00)
	SC Sierra Gorda Finance B.V.	Amsterdam, Netherlands	100.00
	Others (75 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 (8 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 & Ocean 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 (128 Companies)		

Business segment	Name of subsidiary	Place of incorporation and operation	Proportion of voting power held by the Companies (%)
Others	Sumitomo Shoji Financial Management Co., Ltd.	Chuo-ku, Tokyo	100.00
	Yasato Kosan Co., Ltd.	Chuo-ku, Tokyo	100.00
	Sumitomo Corporation Global Commodities Limited	London, England	100.00 (32.67)
	Others (4 Companies)		

*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 As of April 1, 2014, the trade name of "Sumitomo Corporation of America" was changed to "Sumitomo Corporation of Americas."

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 ¥1,105,313 million ($10,731 million) as of March 31, 2014. Scheduled deliveries are at various dates through 2025. The Companies also had financing commitments of ¥139,729 million ($1,357 million) as of March 31, 2014 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, 2014:

	Millions of Yen	Millions of U.S. Dollars
	2014	**2014**
Guarantees of indebtedness to:		
Equity-accounted investees	**¥144,184**	**$1,400**
Third parties	**101,644**	**987**
Employees	**901**	**8**
Residual value guarantees for leases	**7,511**	**73**
Total	**¥254,240**	**$2,468**

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 ¥11,937 million ($116 million) as of March 31, 2014. 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 ¥72 million ($1 million) as of March 31, 2014. 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 2027. 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, 2014.

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 (“Bolivia”), received a correction notice relating to its withholding tax returns, from Bolivian Tax Authority. MSC has appealed to the Supreme Court for the revocation of corrected amount of tax payment order ($133.5 million) issued by General Authority of Taxes. In addition, MSC has offered the appropriate fixed assets as a collateral in accordance with the procedure stipulated in the related Bolivian law.

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

Subsequent events as of June 20, 2014, the date the Annual Security Report was filed, are as follows:

The Companies have issued unsecured bonds as follows:

<The 50 round unsecured bond>

Issue date	Principal amount	Issue Price (per ¥100 of face value)	Yearly Coupon Rate	Maturity Date	Use of funds
April 23, 2014	¥20 billion	¥100	0.769%	April 23, 2024	Repayment of debt
	$194 million	$0.97			

<The 51 round unsecured bond>

Issue date	Principal amount	Issue Price (per ¥100 of face value)	Yearly Coupon Rate	Maturity Date	Use of funds
April 23, 2014	¥10 billion	¥100	1.241%	April 23, 2029	Repayment of debt
	$97 million	$0.97			

37. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated financial statements were approved by Kuniharu Nakamura, CEO, and Hiroyuki Inohara, CFO, on June 20, 2014.

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, 2014, 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, 2014, 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, 2014 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 20, 2014
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, 2014) 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 global stock and other markets 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, unfair trade practices, 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 Annual Report 2014

Sumitomo Corporation

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

VEGETABLE OIL INK

Printed in Japan