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Business Operating Structure

Directors, Corporate Auditors and Executive Officers

(As of July 1, 2014)



Takuro Kawahara
Executive Vice President

Toyosaku Hamada
Executive Vice President

Kazuo Ohmori
Chairman

Kuniharu Nakamura
President and CEO

Shinichi Sasaki
Executive Vice President

Kazuhisa Togashi
Executive Vice President

Directors and Corporate Auditors

Chairman

Kazuo Ohmori

Director

Shinichi Sasaki*

Director

Hiroyuki Inohara*

Standing Corporate Auditor (Full-time)

Takahiro Moriyama

President and CEO

Kuniharu Nakamura*

Director

Takuro Kawahara*

Director

Michihiko Kanegae*

Corporate Auditor (Full-time)

Nobuhiko Yuki

Director

Kazuhisa Togashi*

Director

Masahiro Fujita*

Corporate Auditor (Certified Public Accountant)

Tsuguoki Fujinuma*²

Director

Yasuyuki Abe*

Director

Akio Harada*¹

Corporate Auditor (Lawyer)

Mutsuo Nitta*²

Director

Naoki Hidaka*

Director

Kazuo Matsunaga*¹

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.

Fumihiko 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

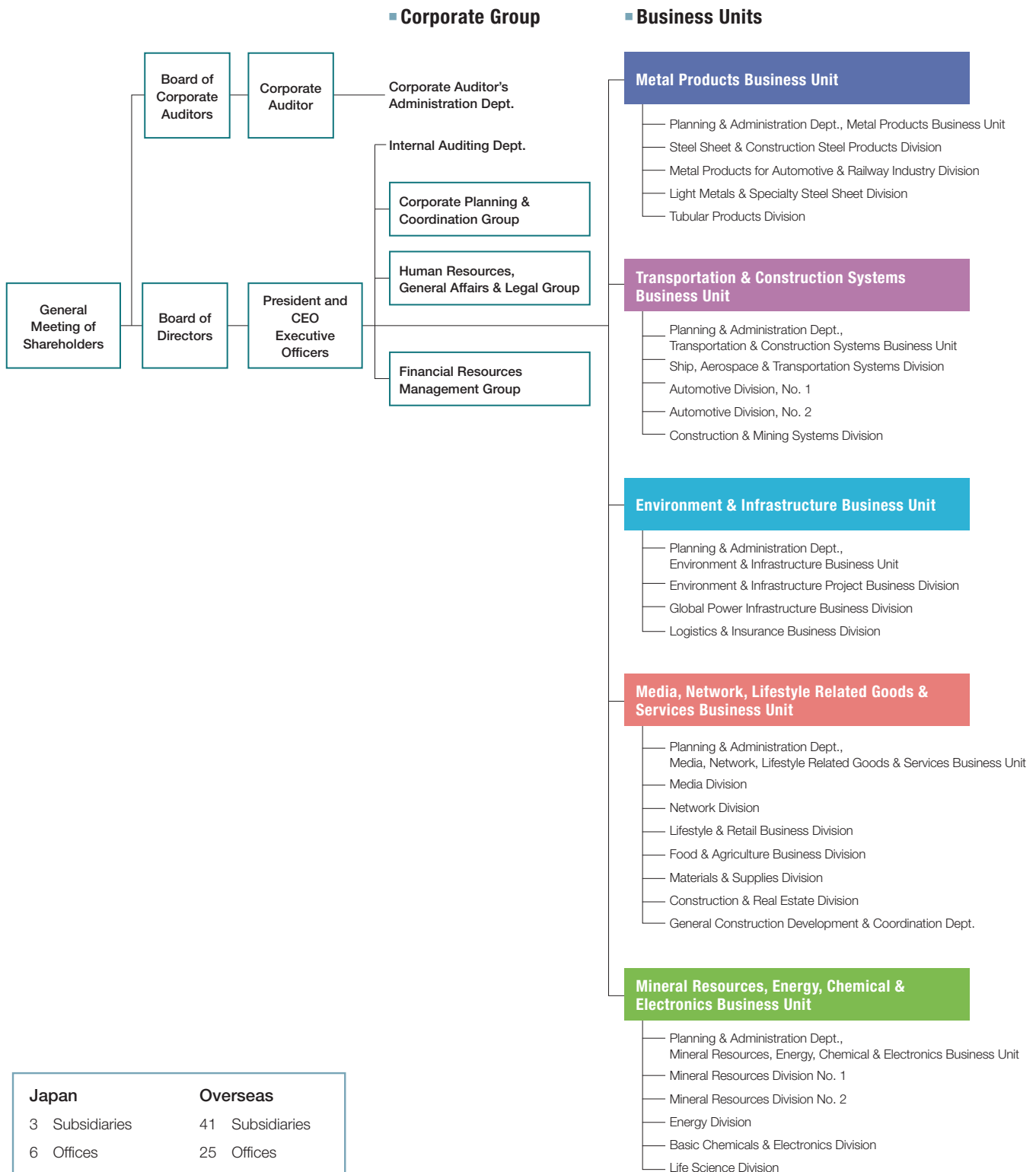
Director, Executive Vice President, Jupiter Telecommunications Co., Ltd.

Shoichiro Oka

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

Organization

(As of July 1, 2014)



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.	Bangkok
	Sumi-Thai International Limited	
	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

**CENTRAL AMERICA
AND
SOUTH AMERICA**

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

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

Principal Subsidiaries and Associated Companies

(As of March 31, 2014)

		Subsidiary/ Associated Company	Main Business
Metal Products Business Unit			
Japan	Hokkaido Shearing Kaisha, Ltd.	Sub.	Shearing, slitting, and sale of steel sheets
	KS Summit Steel Co., Ltd.	Sub.	Shearing, slitting, and sale of steel sheets
	Mazda Steel Co., Ltd.	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.
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

		Subsidiary/ Associated Company	Main Business
Transportation & Construction Systems Business Unit			
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.
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

		Subsidiary/ Associated Company	Main Business	
Environment & Infrastructure Business Unit				
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	

		Subsidiary/ Associated Company	Main Business
Mineral Resources, Energy, Chemical & Electronics Business Unit			
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 Internacional Especialidades Cosmetics 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 Construcción y Minería 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	
Europe	Sumitomo Corporation Global Research Co. Ltd.	Sub.	Research and consulting arm of Sumitomo Corporation Group	
	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. Depository 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

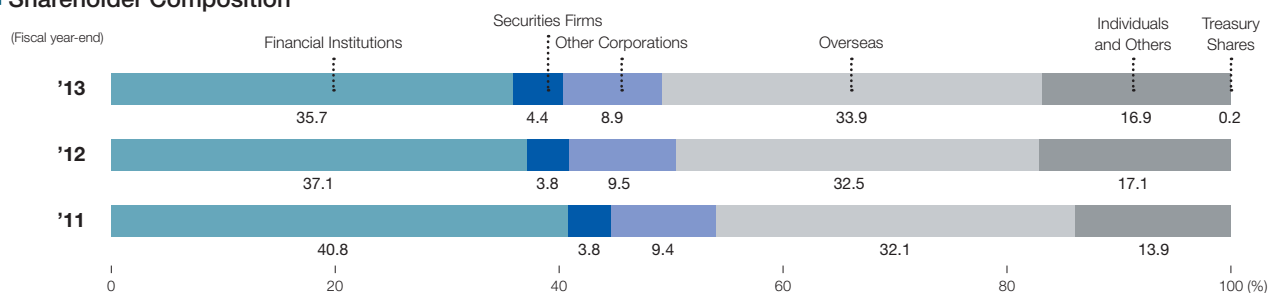
■ **Major Shareholders**

(As of March 31, 2014)

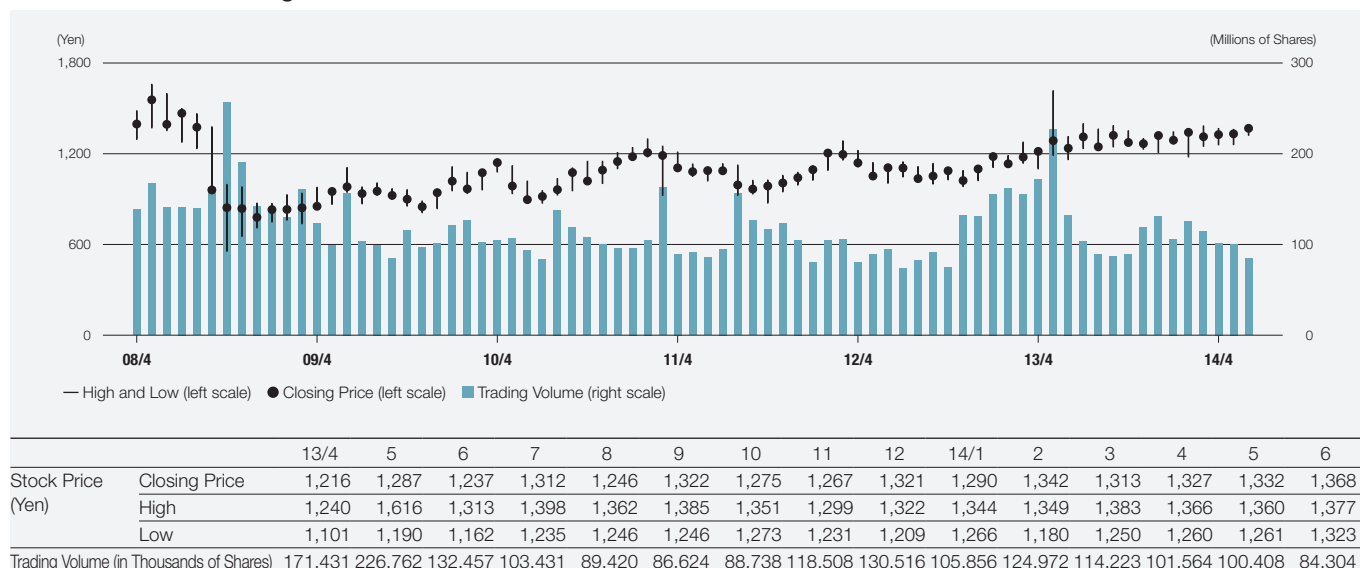
Name	Number of Shares (In Thousands of Shares)	Shareholding Ratio (%)
1 The Master Trust Bank of Japan, Ltd. (trust account)	74,287	5.95
2 Japan Trustee Services Bank, Ltd. (trust account)	58,686	4.70
3 Liberty Programming Japan, Inc.	45,652	3.66
4 Sumitomo Life Insurance Company	30,855	2.47
5 Mitsui 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



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

■ **For further information contact**

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Financial Section

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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 distributor 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.

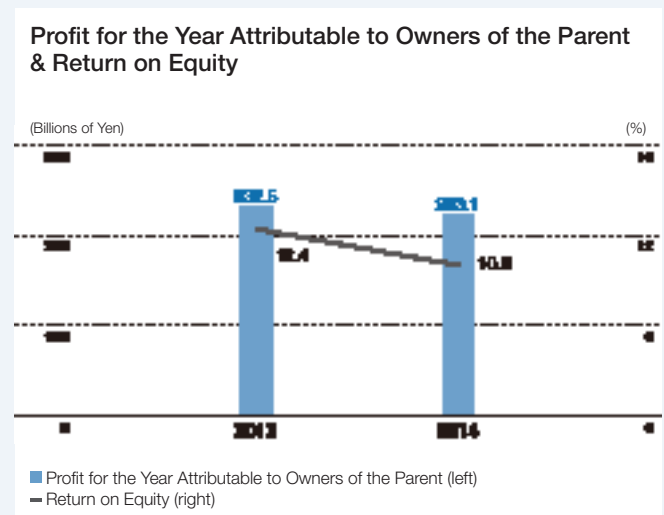
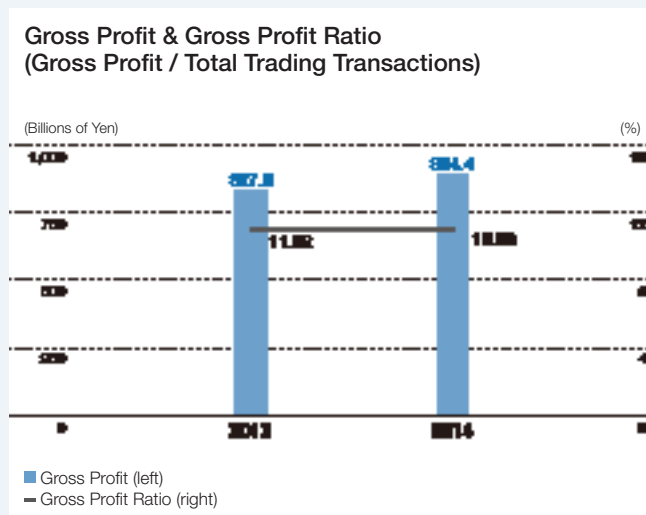
Impairment losses on long-lived assets. Impairment losses on long-lived assets totaled ¥31.4 billion, up by ¥15.4 billion, or 96.3%, from ¥16.0 billion in the previous year. This was owing mainly to impairment losses on Isaac Plains, a coal-mining project in Australia.

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.



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.

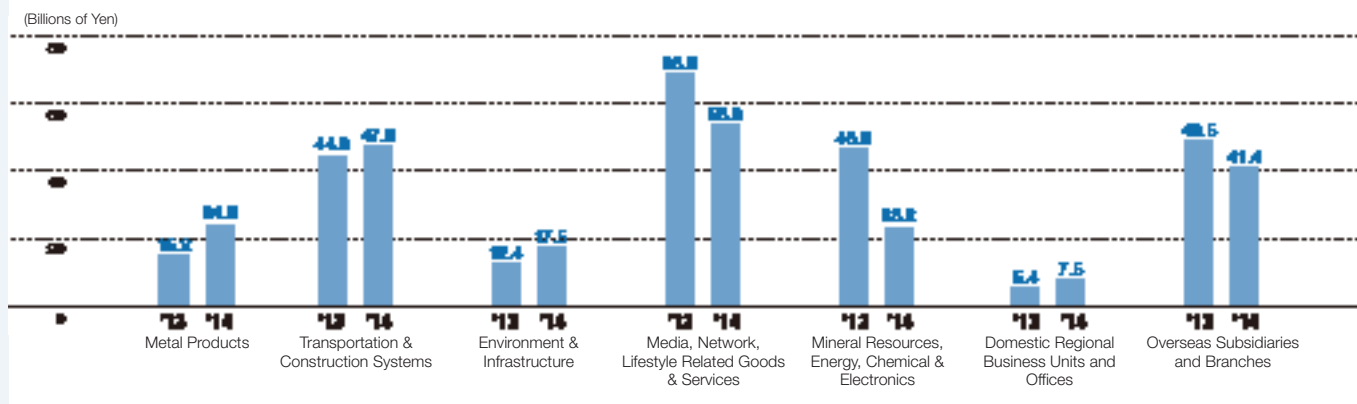
Breakdown of Gross Profit by Operating Segment

For the years ended March 31, 2014 and 2013	Billions of Yen				Millions of U.S. Dollars
	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

For the years ended March 31, 2014 and 2013	Billions of Yen				Millions of U.S. Dollars
	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.

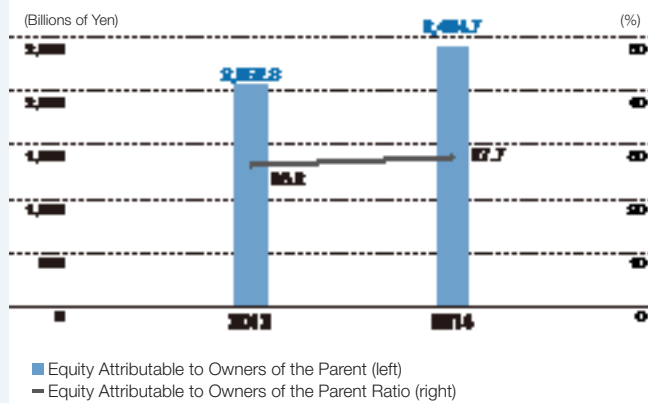
As of March 31, 2014, equity attributable to owners of the parent totaled to ¥2,404.7 billion, an increase of ¥351.9 billion from the previous fiscal year-end, due primarily to an increase in

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.

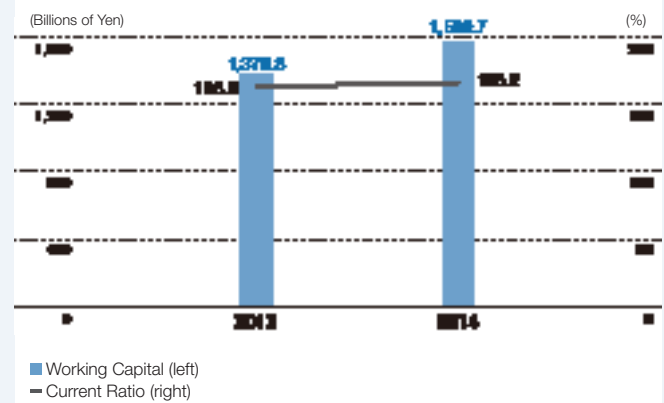
Liquidity and Capital Resources

As of March 31, 2014 and 2013	Billions of Yen		Millions of U.S. Dollars
	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		Millions of U.S. Dollars
	2014	2013	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,

totalled ¥28.4 billion inflow.

Net cash provided by financing activities was ¥145.9 billion.

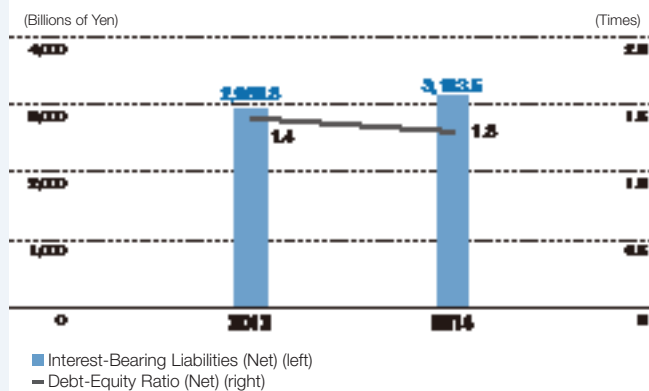
As a result, cash and cash equivalents as of March 31, 2014 increased by ¥186.7 billion from March 31, 2013 to ¥1,111.2 billion.

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

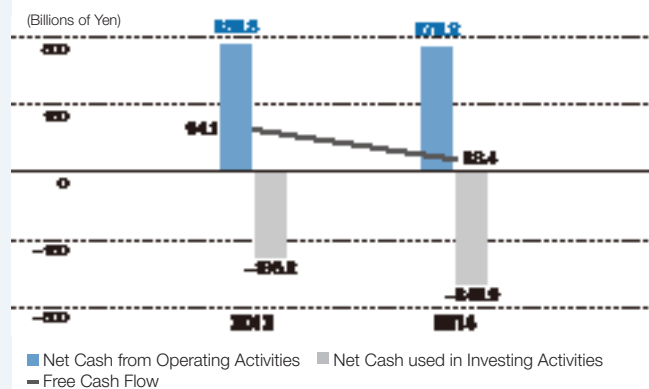
Payments Due by Period

	Billions of Yen	
	Bonds and borrowings	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)



Cash Flows



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

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

ASSETS	Millions of Yen		Millions of U.S. Dollars
	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		Millions of U.S. Dollars
	2014	2013	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 or 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

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

(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.

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 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:

Segment	Millions of Yen			
	Revenue	Gross profit	Profit for the year (attributable to owners of the parent)	Total assets
2014				
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				
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			
	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
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					Total
	Land and land improvements	Buildings including leasehold improvements	Machinery and equipment	Projects in progress	Mining rights	
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					Total
	Land and land improvements	Buildings including leasehold improvements	Machinery and equipment	Mining rights		
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					Total
	Land and land improvements	Buildings including leasehold improvements	Machinery and equipment	Mining rights		
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

[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.

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.

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 ("MRR") 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.

(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

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.

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:

Categories of plan assets	Millions of Yen		Total
	Prices are quoted in a market	Prices are not quoted in a market	
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:

Categories of plan assets	Millions of Yen		
	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:

Categories of plan assets	Millions of U.S. Dollars		
	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		
	Pretax amount	Tax (expense) or benefit	Net-of-tax amount
2014			
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
2013			
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

	Millions of U.S. Dollars		
	Pretax amount	Tax (expense) or benefit	Net-of-tax amount
2014			
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	Dividends per share	Record date	Effective date
		Millions of Yen (Millions of U.S. Dollars)	Yen (U.S. Dollars)		
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	Source of dividends	Dividends per share	Record date	Effective date
		Millions of Yen (Millions of U.S. Dollars)		Yen (U.S. Dollars)		
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		
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:

Exercise price range Yen	2014						
	Outstanding			Exercisable			
	Number of shares	Weighted average exercise price		Weighted average remaining life in years	Number of shares	Weighted average exercise price	
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
	Yen	Thousands of local currency	Millions of Yen	Millions of Yen
2014				
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)
<hr/>				
	Average exchange rate	Foreign currency	Notional amount	Fair value
	Yen	Thousands of local currency	Millions of Yen	Millions of Yen
2013				
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
	Yen	Thousands of local currency	Millions of Yen	Millions of Yen
2014				
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
<hr/>				
	Average exchange rate	Foreign currency	Notional amount	Fair value
	Yen	Thousands of local currency	Millions of Yen	Millions of Yen
2013				
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:

2014	Millions of Yen			
	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)

2013	Millions of Yen			
	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				Total
	Fair-value hedges	Cash-flow hedges	Hedges of net investment in foreign operations	Derivatives not designated as hedges	
2014					
[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).

2013	Millions of Yen				Total
	Fair-value hedges	Cash-flow hedges	Hedges of net investment in foreign operations	Derivatives not designated as hedges	
[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.

2014	Millions of U.S. Dollars				Total
	Fair-value hedges	Cash-flow hedges	Hedges of net investment in foreign operations	Derivatives not designated as hedges	
[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
	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
	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 Minería 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, Australia	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.



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.