Sumitomo Corporation

Be the Best, Be the One

Annual Report

2015

Overcoming Adversity, Accomplishing Growth

In fiscal 2014, the Sumitomo Corporation Group recognized impairment losses centered on upstream mineral resources and energy businesses, which resulted in an overall loss posted for the year.
We are fully aware of the seriousness of this situation and are committed to pushing forward with managerial reforms and enhance our earning power to recover trust and advance toward future growth.

Question

1

Please tell us about the impairment losses recognized by the Sumitomo Corporation Group in fiscal 2014.

Answer

1

Impairment losses totaling ¥310.3 billion were recognized with regard to a tight oil development project, shale gas project, and tire business in the U.S. as well as an iron ore mining project in Brazil, coal mining projects in Australia, and oil field interests in the North Sea.

Overview of Impairment Losses

Impairment losses totaling approximately ¥310 billion were recognized primarily with regard to large-scale projects in the upstream mineral resources and energy field.

One subject of impairment loss was a tight oil development project in the Permian Basin, which is located in the U.S. state of Texas. The geographic layout of the region under development (shale layer) proved to be more complex than initially expected, with underground conditions varying greatly between different areas, even within the same stratum. Accordingly, the development of different drilling methods was necessary for each area, which has made it difficult to extract oil and gas efficiently. It was therefore determined that continuing development while guaranteeing profitability would be difficult, and we thus decided to sell the project together with our partner Devon Energy Corporation. We also revised long-term business plans for regions in which Sumitomo Corporation plans to maintain holdings. As a result, the Company recognized an impairment loss of ¥199.2 billion.

The Company has developed a track record in and acquired expertise related to such projects through its involvement in the Barnett and Marcellus shale gas development projects, in which we commenced participation in 2009 and 2010, respectively. Regardless, we succumbed to risks regarding tight oil excavation that we were

Breakdown of Impairment Losses on Large-Scale Projects

	Project outline
Tight oil development project in the U.S.	Tight oil and gas development and relevant businesses in the U. state of Texas
Iron ore mining project in Brazil	Iron mine development and related businesses in the Serra Azul of the Brazilian state of Minas Gerais
Shale gas project in the U.S.	Shale gas development and related businesses in the U.S. state of Pennsylvania
Coal mining projects in Australia	Investments in coal mines in Australia
Tire business in the U.S.	Retail and wholesale of tires in the U.S.
Oil field interests in the North Sea	Crude oil and natural gas development, production, and sales in British and Norwegian zones of the North Sea
Tax effect, etc.	
Total	

unable to predict when we started participating in the Permian Basin project.

In regard to the iron ore mining project in the Serra Azul region of the Brazilian state of Minas Gerais, we determined the amount of investment in this project based on the value of expansion projects that were planned at the time of participation. However, these expansion projects were later delayed, and iron prices dropped. We were therefore forced to revise our long-term business plans, leading to the recognition of an impairment loss of ¥62.3 billion.

Elsewhere, the shale gas project in the United States, coal mining projects in Australia, and oil field interests in the North Sea were all impacted by falling resource prices, which led to the recording of impairment losses.

Impairment losses were also recorded in non-mineral resource businesses.

TBC Corporation, the operator of a tire business in the United States, had been suffering from poor performance for some time. This was largely due to a decline in the number of automobiles within the age range that TBC targets, a result of the drop in new automobile sales that followed the bankruptcy of Lehman Brothers in 2008, as well as the delays in this company's response to diversifying customer needs in its retail operations. While we attempted to address this situation by placing the reconstruction of TBC's retail operations as a top priority, the pace of recovery was not up to the speed called for by business plans. The Company was therefore forced to record an impairment loss of ¥21.9 billion.

	Amount of impact on profit for the year attributable to owners of the parent	Main reasons for impairment losses
S.	–¥199.2 billion	Resolution to sell certain held assets Decline in crude oil prices Revision of long-term business plans
region	–¥62.3 billion	Decline in iron ore prices Revision of long-term business plans and future expansion plans
	–¥31.1 billion	Decline in crude oil and gas prices Revision of long-term business plans
	–¥24.4 billion	Decline in coal prices
	–¥21.9 billion	Revision of business plans
the	–¥3.6 billion	Decline in crude oil prices Revision of long-term business plans
	+¥32.3 billion	
	–¥310.3 billion	

Question

2

What measures is the Sumitomo Corporation Group implementing in response to these impairment losses?

Answer

2

In September 2014, we established the Special Committee on Managerial Reform. This committee is tasked with investigating and analyzing the projects in which impairment losses were recognized. Based on the findings, the committee discusses various improvement measures from diverse and broad perspectives with an eye toward increasing corporate value, and subsequently the committee makes proposals to the Group regarding areas requiring improvement. In consideration of these proposals and reflections on past events, the Group has determined the areas in which it will pursue improvement and formulated the new medium-term management plan—"Be the Best, Be the One 2017" (BBBO2017)—accordingly.

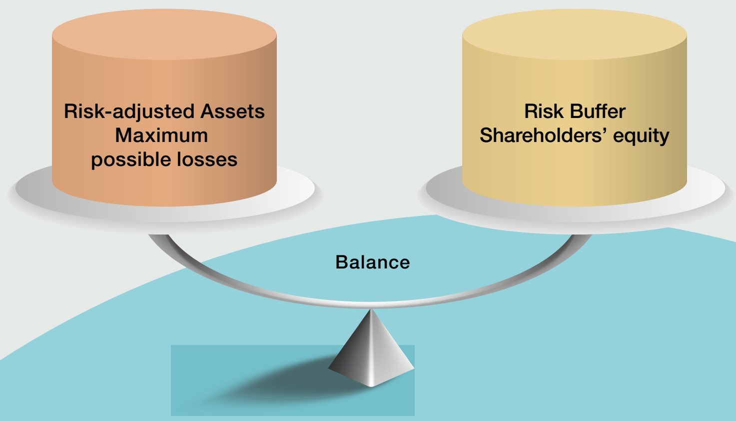
Proposals

The Company has received proposals from the Special Committee on Managerial Reform with regard to areas requiring improvement to increase corporate value.

In fall 1998, ahead of its peers, Sumitomo Corporation introduced the Risk-adjusted Return Ratio as an indicator of profitability, or the degree of return from a certain level of risk. This move enabled us to construct a business foundation capable of sustaining stable earnings and maintaining financial soundness even in severe economic environments. For large-scale investment projects, we had established a process through which investment decisions were made after sufficient discussion among the Loan and Investment Committee, Management Council, and Board of Directors. However, realizing the need to thoroughly investigate the causes of the recent impairment losses and utilize this information in future management decisions, we established the Special Committee on Managerial Reform within the Company in September 2014. An external consultant was then hired, and the committee set about conducting in-depth investigations and analyses of the reasons behind the impairment losses. Based on the findings, the committee discussed a wide range of improvement measures from a broad perspective with an eye toward improving corporate value. Proposals were then made to the Company with regard to the areas requiring improvement.

Special Committee on Managerial Reform

- Established as a committee independent from the president in September 2014
- Members: 7 executive officers
Approx. 20 members in total, including secretariats
- Tasked with conducting in-depth investigations and analyses of projects recognizing impairment losses
- Made proposals to the Board of Directors with regard to areas requiring improvement for increasing corporate value prior to the announcement of BBBO2017 in March 2015



* Please refer to "Risk-adjusted Return Management" on page 69 for details.

The Group has identified areas requiring improvement and is implementing new strategies accordingly.

In consideration of the proposals of the Special Committee on Managerial Reform and reflections on past events, the Group has identified the following areas needing improvement.

- **Strengthening risk management for upstream mineral resources and energy businesses**
- **Improving profitability of existing businesses**
- **Steadily achieving profitability after implementing business investments**
- **Exercising integrated corporate strength through cooperation between organizations**
- **Regaining the balance between Core Risk Buffers and Risk-adjusted Assets and enhancing cash-generation capabilities**

The new medium-term management plan BBBO2017 was established to realize improvements in these areas.

Areas of improvement

Question

3

Is the Sumitomo Corporation Group planning to make significant changes under BBBO2017?

Answer

3

Changes will be made where needed, and only where needed. There will be no change to the policy of thoroughly strengthening our earning power by stimulating the metabolism of our business portfolio. However, we recognize that there is room for improvement in terms of corporate governance, decision-making processes, and risk management systems, and managerial reforms will be implemented accordingly.

Policies to Be Continued

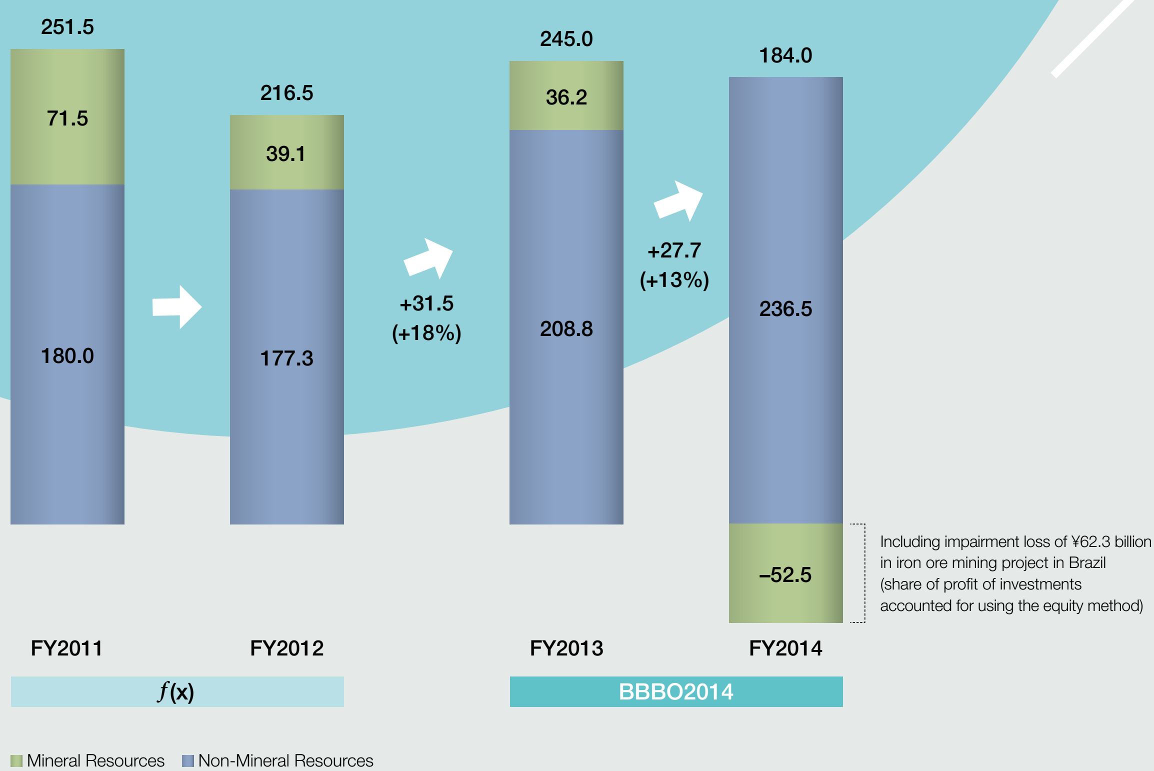
By working to stimulate the metabolism of our business portfolio, we have steadily strengthened the Group's earnings base.

The "Be the Best, Be the One 2014" (BBBO2014) medium-term management plan was positioned as covering the first two years of our quest to become what we aim to be in 2019. Under this plan, we worked to thoroughly enhance the Group's earning power by stimulating the metabolism of our business portfolio through such means as making the existing earnings pillars even more robust, achieving greater value for existing investment projects, fostering and developing new pillars of earnings for the future, and replacing assets. As a result, basic profit for non-mineral resource businesses has continued to show annual growth rates of more than 10% since fiscal 2012, when basic profit of approximately ¥180.0 billion was posted. Specific contributors to this result include the growth of core businesses and earnings contributions from projects in which investment was recently commenced.

Under BBBO2017, we will continue to push forward with measures to enhance earning power by stimulating the metabolism of our business portfolio.

Trend in Basic Profit*

(Billions of Yen)



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

Overview of BBBO2017

Promote managerial reforms	Promote growth strategies	
Improve corporate governance and decision-making process	Promote growth strategies in each division	Promote companywide growth strategies
Strengthen risk management system	Improve profitability of existing businesses Continue stimulation of business portfolio metabolism	Improve policies for upstream mineral resources & energy business
Enhance "individual capability" and "organizational capability"		
Secure financial soundness		

While advancing managerial reforms, we will focus on cash flow management as a discipline for the promotion of our growth strategies.

BBBO2017 is based on the theme of outlining a path to be walked as we unite to pursue improvements in necessary areas to become what we aim to be. The plan will therefore guide us as we advance managerial reforms and growth strategies.

In regard to managerial reforms, we will first endeavor to improve decision-making processes by establishing systems through which important decisions will be made after incorporating various opinions and conducting multifaceted and multi-staged discussions.

The next step will be to reinforce supervisory functions for the Board of Directors.

We will then drastically overhaul and strengthen risk management systems.

Furthermore, we realize that securing financial soundness is essential to advancing managerial reforms and growth strategies, and we will set a discipline in growth strategies. Accordingly, we will keep investments and dividend payments within the scope of the cash flows generated by the Company, rather than becoming overly dependent on interest-bearing debt, to realize sustainable growth.

Please refer to the
P.20 **Special Feature 1 "Medium-Term Management Plans" for details on BBBO2017.**

Policies to Be Improved

Contents

Scope of the Report
- Period covered:
  April 1, 2014, to March 31, 2015
  (Some activities starting on or after April 1, 2015, are included.)
- Organizations covered:
  Sumitomo Corporation and the Sumitomo Corporation Group
- Previous publication: August 2014
- Next publication: Fall 2016

Referenced Guidelines
- ISO 26000 (Guidance on Social Responsibility)
- Charter of Corporate Behavior (September 14, 2010), Nippon Keidanren (Japan Business Federation)
- GRI Sustainability Reporting Guidelines 2006, Global Reporting Initiative
- "Environmental Reporting Guidelines 2012," issued by Ministry of the Environment, Government of Japan

Cautionary Statement Concerning Forward-looking Statements

This report includes forward-looking statements relating to our future plans, targets, objectives, expectations, and intentions. The forward-looking statements reflect management's current assumptions and expectations of future events and, accordingly, they are inherently susceptible to uncertainties and changes in circumstances and are not guarantees of future performance. Actual results may differ materially, for a wide range of possible reasons, including general industry and market conditions and general international economic conditions. In light of the many risks and uncertainties, you are advised not to put undue reliance on these statements. The management targets included in this report are not projections, and do not represent management's current estimates of future performance. Rather, they represent targets that management strives to achieve through the successful implementation of the Company's business strategies. The Company may be unsuccessful in implementing its business strategies, and management may fail to achieve its targets. The Company is under no obligation—and expressly disclaims any such obligation—to update or alter its forward-looking statements.

Getting to Know Sumitomo Corporation

Our History

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

1600

The Founder's Precepts "*Monjuin Shiigaki*"

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

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

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

Monjuin Shiigaki
(Source: Sumitomo Historical Archives)

1800

Rules Governing the House of Sumitomo

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

Hirose's operational reforms saved the mines and its community.

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

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

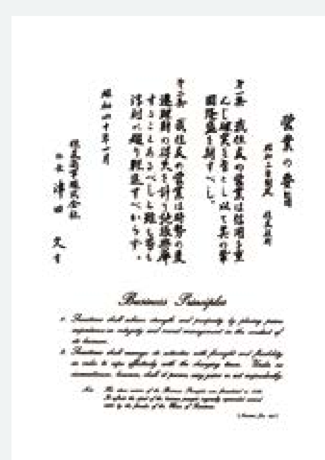
1900

Business Principles

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

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

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



Business Principles

Sumitomo Corporation Management Charter

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

While Japan's economy was growing rapidly after the war, environmental pollution, inflation and other public issues started to arise. Business corporations and their codes of conduct were challenged to make clear the relationship between the national government and corporations, as well as between citizens and corporations.

To respond to this, in 1973, Sumitomo Corporation laid down the Sumitomo Corporation Management Charter, an original charter that consists of the Basic Principles of Management and the Operational Guidelines.

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

2000

Sumitomo Corporation Group's Corporate Mission Statement

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

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

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

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

CORPORATE MISSION STATEMENT

Corporate Vision

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

Management Principles

[Corporate Mission]

- To achieve prosperity and realize dreams through sound business activities

[Management Style]

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

[Corporate Culture]

- To foster a corporate culture full of vitality and conducive to innovation

Activity Guidelines

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

Roots of Sumitomo Corporation and advance into trading business

1919: Foundation

Sumitomo Corporation was originally founded as the Osaka North Harbour Company Limited, in December 1919. The company engaged in real estate management, conducting land reclamation in the Hokko (North Port of Osaka) and the development of the surrounding areas, along with other activities.

1945: Advance into trading business

In 1945, the company was renamed Nippon Engineering Co., Ltd., and advanced into the trading business, handling products from Japan's major manufacturers as well as products manufactured by its own group companies. From then on, the company focused on trading, aiming to expand both the range of products it traded and the industrial segments in which the company operated.

1945
- End of World War II General Headquarters of the Allied Powers in Japan issues an order calling for the dissolution of *zaibatsu*

1950
- Special demand for supplying the United States in the wake of the Korean War
- Japanese economy makes strides toward recovery

1955
- Japanese post-war economic miracle
- Exports stimulated and trade deregulated

1950s
Early period—Solidification of management foundation

1960s
Reorganization for expansion

1964
- Summer Olympics in Tokyo

1970
- Expo '70 in Osaka

1971
- Nixon Shock

1973
- First oil crisis
- Transition to floating exchange rate system

1970s
Establishment of management foundation as an integrated trading company

1979
- Second oil crisis

1980
- Iran–Iraq War

1980s
Pursuit of vision of Integrated Business Enterprise

1985
- Plaza Accord Rapid yen appreciation
- Monetary easing policies instituted by the Bank of Japan

1986
- Sharp rise in s real estate pri to creation of asset price bu

1950: Expand its presence abroad

The company began steadily expanding its presence overseas, posting an employee to Bombay (now Mumbai), India for the first time in 1950, and subsequently establishing a U.S. subsidiary in New York in 1952.

1952: Name changed to Sumitomo Shoji Kaisha, Ltd.

The General Headquarters of the Allied Powers in Japan issued an order calling for the dissolution of *zaibatsu* financial conglomerates in 1945. As a result, the usage restriction of the "Sumitomo" trade name and trademark were abolished in 1952 in conjunction with the signing of the Treaty of Mutual Cooperation and Security between the United States and Japan. Accordingly, the company's name was changed to Sumitomo Shoji Kaisha, Ltd., at this time.

1962: Adoption of the product division structure

In conjunction with the expansion of its business area and transaction volumes, for enabling all of the Company's business to be advanced through unified policies, the product division structure was adopted in 1962. This move involved consolidating the Osaka and Tokyo sales offices and creating nine product divisions: Iron & Steel, Nonferrous Metals, Electric, Machinery, Agriculture & Fishery, Chemicals, Textiles, General Products & Fuel, and Real Estate. These product divisions were assigned the responsibility for transactions and profitability as well as the human resources-related authority for their respective business.

1977: "Big Three & The Best"

In 1977, the Company launched its slogan of "Big Three & The Best," and passionately pursued the goal which signified it as being one of the top three companies in terms of total trading transactions and the overall best company in the industry from an all-encompassing standpoint by improving profitability and efficiency.

1979: Introduction of sales division system

In 1979, a sales division system was introduced in connection with the expansion of the Company's business scope. By promoting empowerment to the four newly established sales divisions—Iron & Steel; Machinery & Electric; Nonferrous Metals, Chemical & Fuel; and Consumer Products—flexibility in sales division was greatly improved.

We aim to be a global organization that constantly stays a creates new value, and contributes broadly to society.

1989
- Consumption tax introduced in Japan
- Nikkei 225 reaches record high of ¥38,915 in December
- End of Cold War and collapse of the Berlin Wall

stock and
ces lead
Japanese
ıbble

1991
- Collapse of asset price bubble in Japan, start of recession

1996
- Launch of large-scale financial system reform (Japanese Big Bang)

1997
- Asian financial crisis

1999
- Creation of Economic and Monetary Union
- Dot-com bubble

2001
- Birth of Japan's big three megabanks
- September 11 attacks

2003
- Start of Iraq War
- Severe acute respiratory syndrome (SARS) outbreak, mad cow disease pandemic in the United States

2008
- Lehman Brothers bankruptcy

2010
- Greek government debt crisis
- China's GDP becomes No. 2 in the world

2011
- Great East Japan Earthquake

2013
- "Abenomics" economic reforms

2014
- Tokyo chosen to host 2020 Summer Olympics

1990s Reinforcement of global consolidated management—Establishment of the Corporate Mission Statement

2000s Implementation of the Reform Package—Heading for a new stage of growth

2010s "Be the Best, Be the One"—Toward the centennial

1988: Vision of Integrated Business Enterprise

In 1988, the Company set out its vision of becoming an Integrated Business Enterprise and promoted (1) acceleration of business activities, (2) expansion into downstream fields, and (3) reinforcement of Integrated Corporate Strength, based on existing trading activities. Through these promotions, the Company aimed to form two major revenue sources: trading activities and business activities.

1996: The copper incident

In 1996, it came to light that the general manager of a sales department was conducting unlawful copper trading unbeknownst to the Company. This incident led to the recording of losses to the extent of ¥285.0 billion, and roughly a decade was required to resolve the issue. Learning from this experience, the Company implemented a strict internal control system to prevent the recurrence of similar acts.

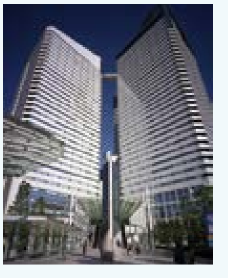
1998: Establishment of the Corporate Mission Statement and introduction of the Risk-adjusted Return Ratio

In 1998, the Sumitomo Corporation Management Charter was revised, and the new Corporate Mission Statement was formed. The Risk-adjusted Return Ratio was introduced as a new management indicator to serve as a common benchmark for judging the profitability of projects based on the amount of returns generated compared with inherent risks.

2000: Implementation of medium-term management plans

Under the Reform Package, a medium-term management plan was adopted in 1999, and the Company pushed forward with reforms aimed at achieving (1) profit growth by expansion of core businesses, (2) strengthening the corporate constitution through risk asset management, (3) realization of effective, efficient management, and (4) reinforcement of cost competitiveness. After the conclusion of this plan, the Company worked to strengthen its earnings base by formulating and implementing a series of two-year medium-term management plans, including Step Up Plan, AA Plan, AG Plan, and GG Plan.

2001: Relocation of Head Office



In 2001, the names of the "Osaka Head Office" and "Tokyo Head Office" were abolished, and the Head Office functions were consolidated within a new location at Harumi Trinton Square, in Chuo-ku, Tokyo. At the same time, the Company introduced the business unit system, giving rise to the Kansai Regional Business Unit, Chubu Regional Business Unit, and Kyushu Okinawa Regional Business Unit. Harumi Trinton Square was created through a development project that was spearheaded by the Company. With a scale of ¥300.0 billion, this project garnered a considerable amount of attention as the largest commercial facility development project in Japan at that time.

2015: Overall loss recorded due to substantial impairment losses

The Company has continued to strengthen its earnings base since the financial crisis that followed the bankruptcy of Lehman Brothers in 2008. However, in fiscal 2014 the Company recognized substantial impairment losses on several large-scale projects, forcing it to record an overall loss for the first time in 16 years.

2015: New medium-term management plan: Be the Best, Be the One 2017

In 2015, we launched our new medium-term management plan—"Be the Best, Be the One 2017." To make Groupwide efforts in overcoming issues and to outline a path toward the realization of "What We Aim to Be" is theme for the management plan.

step ahead in dealing with change,

Our Business

We are developing a multifaceted business on a global scale to respond to the diverse needs of customers.

Number of Sumitomo Corporation Group Employees

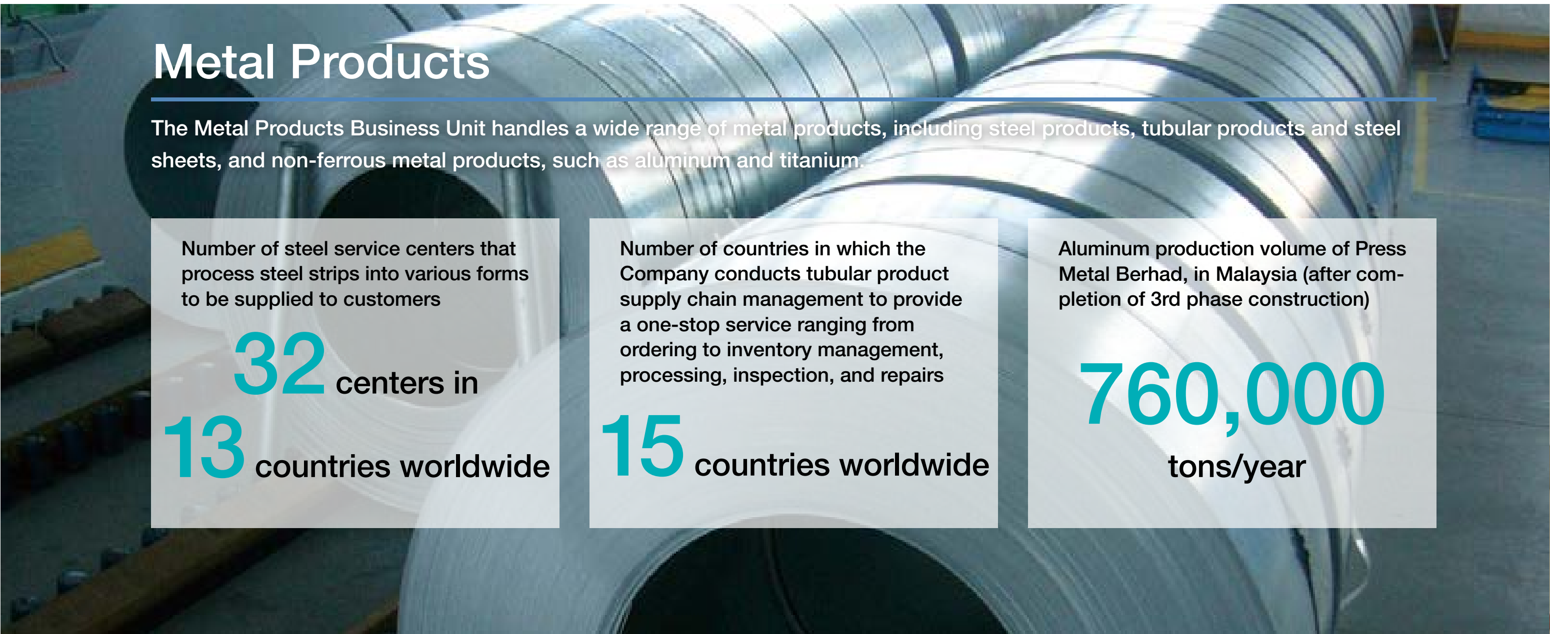
75,448

Number of Bases

138 bases in 67 countries worldwide

Total Assets

¥9,021.4 billion



Metal Products

The Metal Products Business Unit handles a wide range of metal products, including steel products, tubular products and steel sheets, and non-ferrous metal products, such as aluminum and titanium.

Number of steel service centers that process steel strips into various forms to be supplied to customers

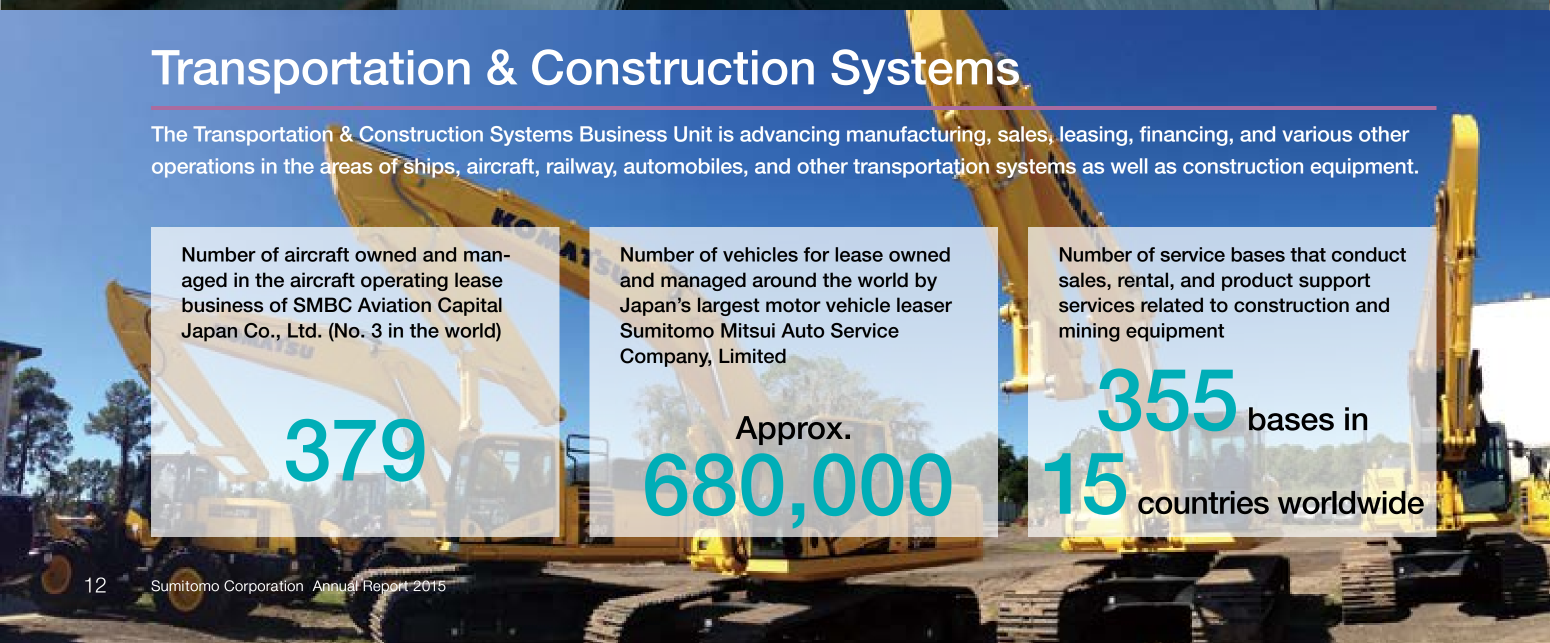
32 centers in 13 countries worldwide

Number of countries in which the Company conducts tubular product supply chain management to provide a one-stop service ranging from ordering to inventory management, processing, inspection, and repairs

15 countries worldwide

Aluminum production volume of Press Metal Berhad, in Malaysia (after completion of 3rd phase construction)

760,000 tons/year



Transportation & Construction Systems

The Transportation & Construction Systems Business Unit is advancing manufacturing, sales, leasing, financing, and various other operations in the areas of ships, aircraft, railway, automobiles, and other transportation systems as well as construction equipment.

Number of aircraft owned and managed in the aircraft operating lease business of SMBC Aviation Capital Japan Co., Ltd. (No. 3 in the world)

379

Number of vehicles for lease owned and managed around the world by Japan's largest motor vehicle leaser Sumitomo Mitsui Auto Service Company, Limited

Approx. 680,000

Number of service bases that conduct sales, rental, and product support services related to construction and mining equipment

355 bases in 15 countries worldwide

* Numbers are taken from data as of March 31, 2015, except when stated otherwise.

Environment & Infrastructure

The Environment & Infrastructure Business Unit is contributing to the development of society by conducting businesses around the world in the fields of electricity, renewable energy, logistics & insurance, and other infrastructure.

Annual transaction volume of electrical energy in Japan

Approx. **2** billion kwh

Net ownership capacity of power plants operated (including renewable energy)

6,800 MW

Number of companies that have set up operations in overseas industrial parks developed by Sumitomo Corporation

Approx. **360**

Media, Network, Lifestyle Related Goods & Services

The Media, Network, Lifestyle Related Goods & Services Business Unit provides consumer-oriented products and services in fields such as media, networks, retail, food, materials & supplies and real estate, and is developing businesses in these fields that are distinctive among general trading companies.

Number of subscribers to J:COM's Video, High-speed data, and Voice services

Approx. **5** million households

Share of domestic banana transactions by weight (Jan. 2014–Dec. 2014)

Approx. **32**%

Number of housing units provided through domestic condominium business that has continued since 1964

Approx. **56,000**

Mineral Resources, Energy, Chemical & Electronics

The Mineral Resources, Energy, Chemical & Electronics Business Unit holds interests and conducts trading in the mineral resources and energy field and is also developing business operations in the basic chemical, crop protection chemical, and electronics fields.

Scale of zinc production at the San Cristobal mine in Bolivia

No. **7** worldwide

Nickel production volume of Ambatovy nickel project in Madagascar (world's largest production volumes from integrated production systems when operating at full capacity)

60,000 tons/year

Number of countries in which the Company conducts crop protection chemical development and sales operations

30 countries worldwide

Message from the President and CEO: To Our Stakeholders

Kuniharu Nakamura
President and CEO

To begin, I must report that we were forced to post an overall loss for fiscal 2014 after recognizing substantial impairment losses.
The Sumitomo Corporation Group places great importance on conducting business activities that earn the trust of society, as represented by the inclusion of the phrase "integrity and sound management" in the Management Principles. I realize these impairment losses will undoubtedly erode the trust of stakeholders that the Group has worked hard to earn over the years, and I am fully aware of the seriousness of this situation. We are fully devoted to regaining any trust we may have lost by implementing managerial reforms and measures to improve profitability and performance in order to return the Group to a growth track. I would like to ask for your continued support and understanding as we undertake this endeavor.

Be the Best, Be the One 2017 (BBBO2017)

To be launched in fiscal 2015, the new medium-term management plan—Be the Best, Be the One 2017 (BBBO2017)—calls for us to faithfully execute managerial reforms and growth strategies.

Managerial Reforms and Growth Strategies
Please refer to P. 20, the Special Feature entitled "Medium-Term Management Plans—Results of BBBO2014 and Overview of BBBO2017," for details on BBBO2017.

Managerial Reforms

The first step of our managerial reforms will be to improve decision-making processes and strengthen risk management systems. In regard to decision-making processes, the Management Council will be positioned as the highest authority on business execution matters, thereby creating a system through which important decisions will be made following more multifaceted discussions incorporating a wider range of opinions. Reforms will be extended to the Board of Directors as well; we have strengthened supervisory functions for management execution and created a system for discussion that places greater weight on formulating Companywide strategies and basic policies.

As for risk management systems, we have set up a process to deliberate large-scale investments at multiple stages and different levels. Through this process, investment candidates will be discussed several times by the Investment Committee at both the business unit level and the Companywide level as well as during the stages of examining and conducting investments. In this way, we hope to more deeply investigate large-scale investment candidates from various perspectives based on their business feasibility and relation to the strategies of associated divisions.

In addition, we will steadily implement other managerial reforms, such as setting stricter investment evaluation standards and revising investment execution frameworks. By creating and displaying results through these reforms, we aim to regain lost trust. At the same time, we will pursue improvements in overall operational efficiency through such means as delegating authority in a manner that prevents these managerial reforms from adversely impacting business—by creating management redundancies or slowing decision-making speed, for example.

Growth Strategies

Under BBBO2017, we will push forward with growth strategies in the metal products, transportation, and media businesses, all areas of strength for the Company. Moreover, the three areas of automobiles, infrastructure, and lifestyle and information services will be positioned as targets of Companywide, cross-organizational collaboration in consideration of projected medium-to-long-term macroeconomic trends. Furthermore, we have identified high-potential industrial fields and regions and will continue strengthening efforts to cultivate businesses in these areas on a Companywide basis. Such strategic industrial focuses include energy-related businesses, retail businesses in Asia, and food and agriculture-related businesses, while Brazil, India, Myanmar, Turkey, and sub-Saharan Africa have been identified as strategic regional focuses.

Social Infrastructure, Retail Businesses in Asia
Please refer to P. 26, the Special Feature entitled "Initiatives under BBBO2017," for details on BBBO2017.

The majority of the impairment losses recorded in fiscal 2014 can be attributed to the mineral resources and energy businesses. For the time being, we intend to devote our attention to starting up large-scale projects presently in the preparation phase, such as the Ambatovy nickel project, and reducing the costs of currently operating projects to improve the quality of our asset portfolio. Learning from our experience with these impairment losses, we have set upper limits for investments in individual projects and otherwise strengthened risk management systems. We have also established a specialist organization comprised of individuals with superior market analysis and technological evaluation capabilities assembled from both inside and outside of the Company.

We believe demand in the mineral resources and energy field will increase in the future as a result of medium-to-long-term growth in the global population as well as in the economies of emerging countries. Upstream mineral resources and energy businesses will still be viewed as an area of operations crucial to the future growth of the Sumitomo Corporation Group, and we therefore plan to continue operating these businesses going forward, albeit under newly reconstructed systems.

Enhancement of Individual Capability and Organizational Capability

As an integrated trading company, the fundamental essence of our operations is to create new businesses, and this is a task that is spearheaded by our human resources. For this reason, human resource development has been designated as a priority of utmost importance, and we have continued to provide our employees with opportunities to gain a diverse range of experience immediately upon joining the Company. In this manner, we have been working to enhance the capabilities of Sumitomo Corporation's human resources.

The human resources we have developed through these efforts are establishing various businesses for the Company. I suspect that our employees will be quite capable of creating new value by communicating with local customers and consumers in emerging countries, which are expected to continue developing on the back of brisk economic activity, and thereby form an understanding of their needs.

Securing of Financial Soundness

A top priority of BBBO2017 is to regain the balance between Core Risk Buffers and Risk-adjusted Assets. The impairment losses recognized in fiscal 2014 resulted in risk assets growing to the point that they exceeded the extent of the Core Risk Buffers, destroying this balance that has underpinned our management. While this upset will not seriously impede the management of the Group, there is no doubt that we must restore this balance at the earliest date possible.

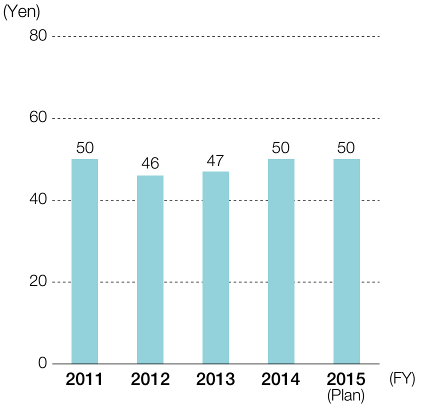
At the same time, management is placing a greater emphasis on cash flows to help ensure sustainable growth. The gross balance of interest-bearing debt on the Company's consolidated statement of financial position is approximately ¥4.0 trillion. Characterized by low interest rates, the current financial climate in Japan is conducive to a management approach that utilizes borrowings to fund investments and exercise leverage. However, for Sumitomo Corporation to realize sustainable growth, it is crucial to establish a financial constitution that is not overly dependent on interest-bearing debt. We therefore aim to limit investments and shareholder returns to within the scope of the cash generated by the Company through operating cash flows and asset replacement. Accordingly, BBBO2017 contains the basic policy of maintaining a positive free cash flow in terms of the three-year, post-dividend total.

Shareholder Returns

Sumitomo Corporation's basic policy is to provide shareholders with stable dividends over the long term, and we also aim to raise per share dividend payments by pursuing profit growth in the medium-to-long term.

We are highly committed to achieving the targets of BBBO2017 and have thus set ¥50 per share as the lower limit for dividend payments over the period of the plan. Dividend amounts for each fiscal year will be decided based on considerations of basic profit and cash flow levels and with a consolidated dividend payout ratio of 25% as our target. In fiscal 2015, we intend to issue dividend payments of ¥50 per share.

Dividends per share



Sumitomo's Business Philosophy and the Company's Long-Term Vision

In 2019, we will celebrate the centennial anniversary of the foundation of the Osaka North Harbour Company Limited, the predecessor of Sumitomo Corporation. I hope to make the Sumitomo Corporation Group into a conglomerate that can thrive stably and continuously for another 50 years, 100 years, and on without end. By this, I do not refer to simply keeping the Company profitable; rather, I feel it is important for us to continue growing by adhering to the Management Principles, which are based on Sumitomo's business philosophy, the principal reason behind Sumitomo's ability to survive for 400 years.

One of the core concepts in Sumitomo's business philosophy is embodied in the phrase "Benefit for self and others, private and public interests are one and the same." This phrase is based on the belief that Sumitomo's business does not exist only for the sake of Sumitomo, but should be an endeavor that contributes to the greater society. Likewise, I feel all Sumitomo Corporation Group employees should fully exert themselves to faithfully serve the stakeholders affected by their specific area of business. If all employees act in this manner, I am confident that Sumitomo Corporation will become a better company as a result.

Sumitomo's business philosophy also includes the virtue of integrity and sound management, a core business value. Sumitomo founder Masatomo Sumitomo penned this philosophy in a letter to a family member written in his later years, and this philosophy has continued to be handed down from generation to generation over the 400-year history of the Sumitomo Group. I believe Sumitomo's business philosophy embodies the distinctive business approach of Sumitomo Corporation. Staying true to this approach, we will push forward with managerial reforms and achieve our earnings targets with the aim of regaining any trust we may have lost with our stakeholders.

If we look to the past, we will see the 400-year history of Sumitomo. If we look to the future, we will see ourselves on the path toward realizing "What We Aim to Be." We have continued to value trust throughout our history, and this will not change going forward, a fact that all members of the Sumitomo Corporation Group, myself included, should once again take to heart.

Please refer to "Our History" on P. 10.

In Closing

In formulating the new medium-term management plan, Sumitomo Corporation's management engaged in thorough discussions with regard to measures that must be taken for the Company to regain lost trust. It was determined that the shortest path was to regain trust in the same way that we have earned it over our long history: by tenaciously pushing forward with managerial reforms and strengthening earning power, followed by displaying the results of these efforts to our stakeholders.

Devoted to winning back the trust of our stakeholders as soon as possible, everyone at the Sumitomo Corporation Group is united in their commitment to advancing BBBO2017 and working to return quickly to a growth track. I humbly ask for your continued understanding and support of our efforts.

August 2015

Kuniharu Nakamura
President and CEO

SPECIAL FEATURE 1

Medium-Term Management Plans—Results of BBBO2014 and Overview of BBBO2017

In May 2013, the Sumitomo Corporation Group announced its vision of “What We Aim to Be in 2019, Our Centennial Year,” together with the “Be the Best, Be the One 2014” (BBBO2014) medium-term management plan. Under BBBO2014, we worked to thoroughly enhance the Group’s earning power, and we were successful in reinforcing our earnings base, particularly with regard to non-mineral resource businesses. However, we were forced to record impairment losses centered on the upstream mineral resources and energy businesses, and we therefore failed to meet the quantitative targets of the plan. In April 2015, we launched a new medium-term management plan—“Be the Best, Be the One 2017” (BBBO2017)—which defines our intention to make Groupwide efforts to overcome issues and to outline a path toward the realization of what we aim to be.

What We Aim to Be in 2019, Our Centennial Year

—Based on Our Management Principles and Activity Guidelines—

BE THE BEST, BE THE ONE

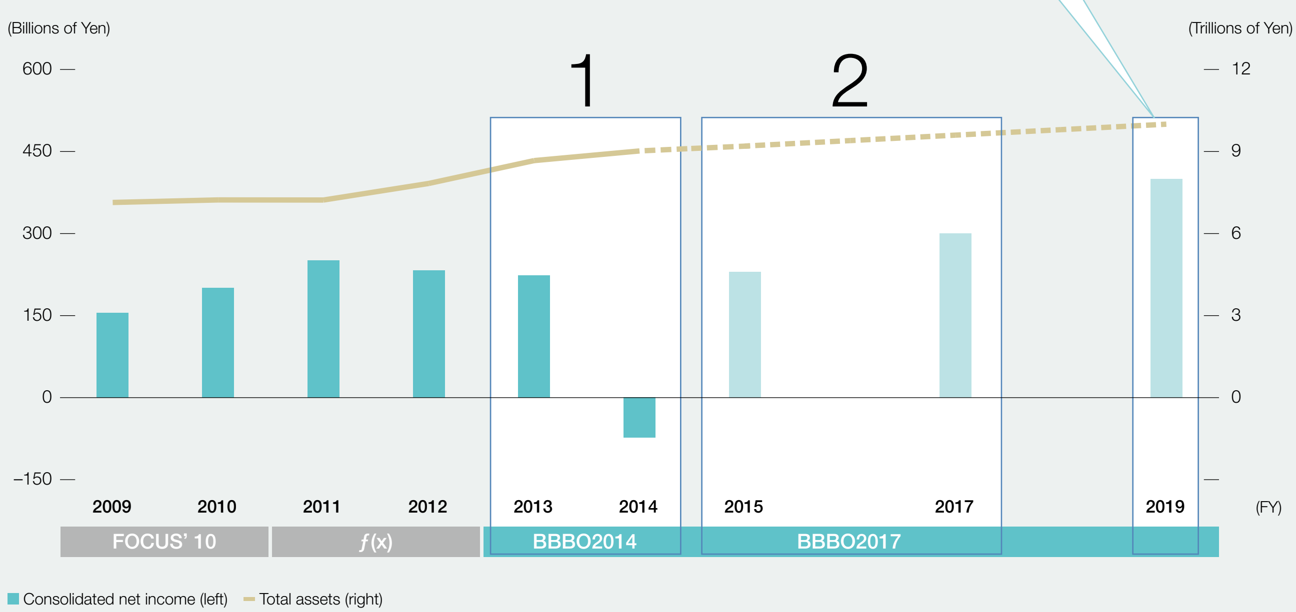
- We aim to be a corporate group that is recognized by society as meeting and exceeding the high expectations directed toward us, creating value that nobody else can match in ways befitting our distinctive identity.
- We aim to build a solid earnings base and aim for an even higher level of profit growth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

Quantitative picture

Total assets: Around ¥10 trillion

Consolidated net income: ¥400 billion or more

Medium-Term Management Plans



1 Results of BBBO2014 (Fiscal years 2013 and 2014)

Quantitative performance

In fiscal 2013, profit for the year (attributable to owners of the parent) amounted to ¥223.1 billion, falling below targets due in part to the recognition of an impairment loss of ¥27.7 billion on a coal mining project in Australia. Loss for the year (attributable to owners of the parent) of ¥73.2 billion was posted in fiscal 2014, due to the impacts of lower resource prices and impairment losses totaling ¥310.3 billion, which were recorded with regard to several large-scale projects, such as a tight oil development project in the United States.

	Quantitative Targets		Results	
	FY2013	FY2014	FY2013	FY2014
Consolidated Net Income (loss)	¥240 billion	¥270 billion	¥223.1 billion	¥(73.2) billion
Risk-adjusted Return Ratio	Approx. 12% (each fiscal year)		10.9%	—
Return on assets (ROA)	3% or more (each fiscal year)		2.7%	—

Qualitative performance

Under BBBO2014, we worked to thoroughly enhance our earning power by stimulating the metabolism of our business portfolio through means such as making the existing earnings pillars even more robust, achieving greater value for existing investment projects, fostering and developing new pillars of earnings for the future, and replacing assets. As a result, we were able to reinforce our earnings base centered on non-mineral resource businesses. In addition, we established the Special Committee on Managerial Reform to address the impairment loss issue, and this committee provided the Company with advice on how to improve corporate value. In consideration of this advice and reflections on past events, the Company has determined the areas in which it will pursue improvement.

Areas of improvement

- Strengthening risk management for upstream mineral resources and energy businesses
- Improving profitability of our existing businesses
- Achieving steady profitability after implementing business investments
- Exercising integrated corporate strength across our organization through cooperation between organizations
- Regaining the balance between Core Risk Buffers and Risk-adjusted Assets and enhancing cash-generation capabilities

New Medium-Term Management Plan, "Be the Best, Be the One 2017"

To make Groupwide efforts in overcoming issues and to outline a path toward the realization of "What We Aim to Be"

2 Overview of BBBO2017 (Fiscal years 2015 to 2017)

Promote managerial reforms

Improve corporate governance and decision-making process

Upgrade decision-making process in business management

Strengthen the supervisory functions of the Board of Directors

Respond to the Corporate Governance Code

P.60 Corporate Governance System

Strengthen risk management system

Upgrade decision-making process on investments

Review methodology of investment assessment and framework of investment execution

Strengthen risk management for upstream mineral resources & energy projects

P.67 Risk Management

Promote managerial reforms

- Improve corporate governance and decision-making process
- Strengthen risk management system

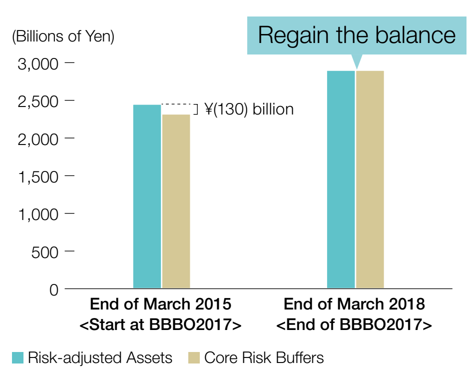
Enhance "individual capability" and "organizational capability"

Secure financial soundness

Secure financial soundness

In regard to the basic policies of BBBO2017, the balance between Core Risk Buffers and Risk-adjusted Assets represents the basis for management, and regaining this balance will be a top priority. Moreover, we aim to achieve positive free cash flow in terms of the three-year, post-dividend total. To accomplish this objective, we intend to finance investments and dividend payments by utilizing cash generated through business activities and asset replacement. In each year of the plan, we will attempt to keep free cash flow within the range between a positive and negative ¥100.0 billion.

Regain the balance between Core Risk Buffers and Risk-adjusted Assets



Achieve positive free cash flow (post-dividend, three-year total)

<Cash-in> +¥1.4 trillion		<Cash-out> –¥1.4 trillion
Basic Profit Cash-flow* +¥700 billion		Dividend –¥200 billion
Depreciation +¥300 billion		Additional and replacement investment to existing projects –¥600 billion
Asset replacement +¥400 billion	Decisions will be made based on cash-in conditions	New investment up to ¥600 billion

BBBO2017 is based on the theme of making Group-wide efforts to overcome issues and outlining a path toward the realization of what we aim to be. The plan will therefore guide us as we advance managerial reforms and growth strategies through the following three basic policies:

- Overcome issues and execute managerial reforms
- Strengthen earning power to realize "What We Aim to Be"
- Regain the balance between Core Risk Buffers and Risk-adjusted Assets and achieve positive free cash flow (post-dividend, three-year total)

Promote growth strategies

Promote growth strategies in each division	Promote Company-wide growth strategies
Improve profitability of existing businesses Continue stimulation of business portfolio metabolism	Improve policies for upstream mineral resources & energy business

P.70 Human Resource Management

Promote Growth Strategies

Executing growth strategies established by each business unit based on their individual strengths

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

Cross-organizational collaboration based on industry, function, and region

P.27 Special Feature 2: Building a Social Infrastructure Foundation by Strengthening Cross-organizational Collaborations

Continue to strengthen structure to develop businesses in industries and regions with high growth potential from medium-to-long-term basis

P.30 Special Feature 2: Expanding Retail Businesses in Asia

Industrial focus	Regional focus
Energy-related business Retail business in Asia Food and agriculture-related business	Brazil, India, Myanmar, Turkey, Sub-Saharan Africa

Policy for the upstream mineral resources & energy business

Policy: Improvement of the asset quality for the upstream mineral resources & energy business

- Reduction of risk exposure through early financial completion (Nickel project in Madagascar, Copper & Molybdenum project in Chile, etc.)
- Continuous cost reduction and earning power improvement in existing businesses
- Basic policy; new investments replace existing assets (Determine the timing for competitive assets)

Reconstruction of the upstream mineral resources & energy strategies

- Manage concentration risk (Guideline for ceiling of individual project exposure, monitoring and stress test of portfolio regularly)
- Improve methodology of project valuation (Improve criteria for pipeline screening and risk scenario analyses)
- Establish an expert organization (Strengthen market analyses and technical evaluation abilities, complement expertise with external human resources)

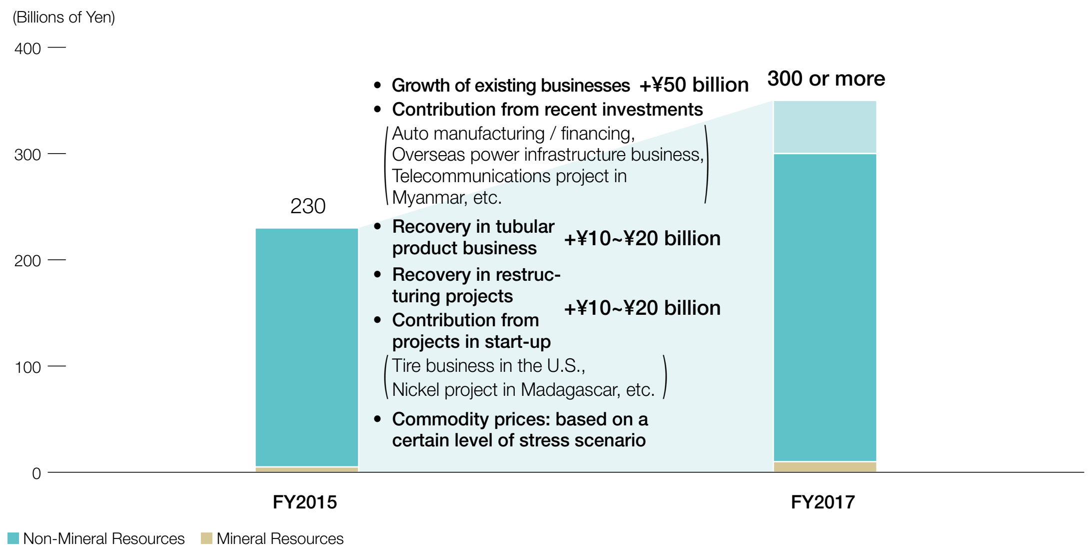
* Basic Profit Cash Flow = Basic Profit – Share of profit of investments accounted for using the equity method + Dividends from investments accounted for using the equity method
Basic Profit = (Gross profit + Selling, general and administrative expenses (excluding provision for doubtful receivables)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

Quantitative Performance Targets

(1) Profit Targets

❶ Profit for the year ▪ FY2015: ¥230 billion ▪ FY2017: ¥300 billion or more

❷ Key indicators ▪ FY2017: ROA 3% or more Risk-adjusted Return ratio: 10% or more ROE: Approx. 10%



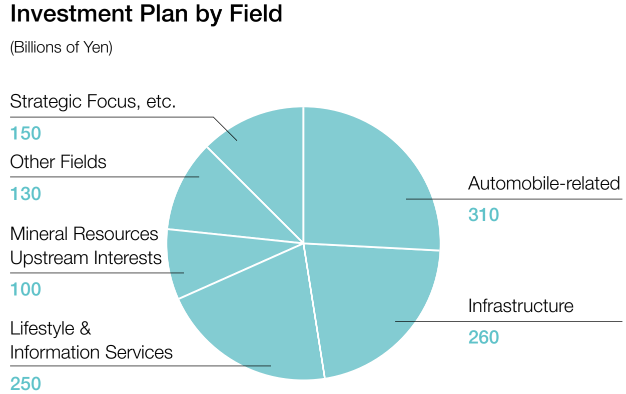
(2) Investment Plans

3-year total: ¥1,200 billion

Investment Plan by Segment

	(Billions of Yen)
Metal Products	150
Transportation & Construction Systems	250
Environment & Infrastructure	250
Media, Network, Lifestyle Related Goods & Services	250
Mineral Resources, Energy, Chemical & Electronics	150
(Upstream Interests)	(100)
Strategic Focus, etc.	150

Investment Plan by Field



Dividend Policy

Base Policy	Aim to increase dividends by achieving medium- and long-term earnings growth while adhering to fundamental policy of paying shareholders a stable dividend over the long term
BBBO2017 Dividend Policy	We will decide dividend amount in view of the situations regarding basic profit and cash flow, with ¥50 per share as the minimum amount of annual dividend and a consolidated payout ratio of 25% or more as reference
Annual Dividend for FY2015	Projected to be ¥50 per share (Interim ¥25 per share, Year-end ¥25 per share)

Key Financial Indicators in BBBO2017

	Start of BBBO2017 (Results as of Mar. 31, 2015)	End of BBBO2017 (Forecasts as of Mar. 31, 2018)
Profit (Loss) for the Year	¥(73.2) billion	¥300.0 billion or more
Total Assets	¥9,021.4 billion	¥10.0 trillion
Shareholders' Equity	¥2,481.4 billion	¥3,100.0 billion
Shareholders' Equity Ratio	27.5%	31.0%
Interest-bearing Liabilities (Net)	¥3,517.5 billion	¥3,500.0 billion
DER (Net, times)	1.4 times	Approx. 1.1 times
ROA	2-year average 0.9%	FY2017 3.0% or more
ROE	2-year average 3.2%	FY2017 Approx. 10.0%
Risk-adjusted Return Ratio	2-year average 3.5%	FY2017 10.0% or more
Basic Profit Cash Flow	2-year total ¥400.0 billion	3-year total ¥700.0 billion
Free Cash Flow	2-year total ¥127.5 billion)	3-year total ¥200.0 billion
Risk-adjusted Assets [RA] Core Risk Buffers [RB] (Core RB-RA)	¥2,450.0 billion ¥2,320.0 billion (130.0)	¥2,900.0 billion ¥2,900.0 billion (Regain balance)

SPECIAL FEATURE 2

Initiatives under BBBO2017

Building a Social Infrastructure Foundation by Strengthening Cross-organizational Collaborations

Providing an Integrated Electricity Supply Chain That Extends from Upstream to Downstream

Environment & Infrastructure Business Unit × Media, Network, Lifestyle Related Goods & Services Business Unit

In industrial fields, which are expected to achieve high medium-to-long-term growth, we plan to bolster existing cross-organizational collaborations and continue to push forward with initiatives that leverage our integrated strengths.

In this section, we will introduce the initiatives of "J:COM Electric Power," which has commenced the provision of services through collaborations between the Environment & Infrastructure Business Unit's power generation business, the Media, Network, Lifestyle Related Goods & Services Business Unit's cable TV business, and housing development and sales.

Expanding Retail Businesses in Asia

Contributing to the Advancement of Emerging Countries by Leveraging the Knowledge and Know-How That We Have Nurtured over Many Years in Business

Strategic Industrial and Regional Focus Initiatives

Going forward, we will continue to strengthen our existing strategic industrial and regional focus initiatives as part of our medium-to-long-term development framework for businesses in fields and regions with high potential for growth.

From page 30, we will introduce the initiatives of our retail businesses in Asia, which include a TV shopping business in Thailand, automotive retail financing operations and investment in a commercial bank in Indonesia, and a telecommunications business in Myanmar.

1

Building a Social Infrastructure Foundation by Strengthening Cross-organizational Collaborations

Providing an Integrated Electricity Supply Chain That Extends from Upstream to Downstream

Environment & Infrastructure Business Unit × Media, Network, Lifestyle Related Goods & Services Business Unit

Market Environment

Considered to suffer from structurally high costs, the Japanese electricity industry has been gradually reforming regulatory systems to promote participation by new power providers. One aspect of these reforms has been the deregulation of the electricity retail market. Since 2000, the restrictions for entering into the electricity industry have been sequentially lifted. Today, supply to large-scale users with electricity demand of more than 50 kW—a segment of the market accounting for approximately 60% of all electricity supplied—has been deregulated.

The complete deregulation of the electricity retail market is scheduled for April 2016. This development will lift the restrictions currently placed on small-scale users, such as stand-alone households and small condominium complexes, allowing electricity sales targeting these users to be conducted freely.

Electricity Retail Market Deregulation History

· 2000: Deregulation of retail sales to users with contract volume of more than 2,000 kW
· 2004: Deregulation of retail sales to high-voltage users with contract volume of more than 500 kW
· 2005: Deregulation of retail sales to high-voltage users with contract volume of more than 50 kW
· 2016: Complete deregulation of participation in electricity retail market

More than 2,000 kW · Large-scale factories · Department stores, large buildings, etc.	Approx. 60%	Currently deregulated
More than 500 kW · Medium-scale factories · Supermarkets, medium-sized buildings, etc.		
More than 50 kW · Small factories · Medium-to-large-sized condominium complexes, etc.		
Less than 50 kW · Convenience stores, offices · Stand-alone households, small condominium complexes, etc.	Approx. 40%	Restrictions to be lifted in April 2016 **Complete deregulation**

Response to Electricity Regulatory System Reforms by Summit Energy and J:COM

Wholly owned subsidiary Summit Energy Corporation is engaged in power generation and retail operations in the Japanese market. The company provides users with electricity from an ideal mix of power from its three thermal power plants in Japan and power procured from other generators as well as companies possessing in-house generation facilities and the Japan Electric Power Exchange. In addition, Summit Energy is in the process of constructing a new biomass-fired thermal power plant, which will be among the largest in Japan upon its scheduled completion in 2017.

At the same time, Jupiter Telecommunications Co., Ltd. (J:COM), a Cable TV and system operator in which the Company holds a 50% stake, is taking advantage of the aforementioned electricity regulatory system reforms to start an electricity retail business targeting medium-to-large-sized condominium complexes. J:COM conducts its cable TV operations in five areas throughout Japan: the Kanto and Kansai regions and the Sapporo, Sendai, and Kyushu areas. In these areas, a total of approximately 19 million households are equipped with the cables and other necessary infrastructure for receiving cable TV services. Of these households, roughly 5 million households were subscribed to J:COM's services as of March 31, 2015, indicating that J:COM provides these services, which are a central fixture in the lives of customers, as the industry share leader.

With cable TV operations that link it to communities and households, J:COM aims to become an indispensable part of its customers' lives. This quest is guided by the concept of “J:COM Everywhere” that inspires this company to provide enjoyable, useful, and reliable services that can be accessed anywhere. Through collaboration with Summit Energy, which possesses its own generation capabilities and the ability to procure power from outside sources, J:COM arrived at the possibility of creating electricity retail operations.

The Handa Biomass Power Plant (Aichi Prefecture)

J:COM, boasting the largest share of Cable TV subscribing households in Japan

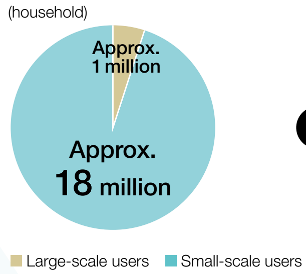
Birth of “J:COM Electric Power”

In December 2012, the “J:COM Electric Power” batch-electricity provision service for condominium complexes was created. This service was set up through an alliance between Summit Energy, which possesses its own generation capabilities and the ability to procure power from outside sources, and J:COM, which has cultivated a massive customer database and accumulated extensive know-how regarding billing systems and retail activities aimed at residential households. Through the “J:COM Electric Power” service, electricity procured by Summit Energy, with volume adjusted based on supply and demand circumstances, will pass through transformation facilities operated by J:COM and then be sold to individual households in medium-to-large-sized condominium complexes. Not only will “J:COM Electric Power” offer electricity at lower rates than regional power companies, further discounts will be provided to users that bundle this service with other existing J:COM services, such as an Internet connection.

Currently, there are approximately 1 million households in medium-to-large-sized condominium complexes and other facilities classified as large-scale users in J:COM's service area, and only these are potential targets for the “J:COM Electric Power” batch-electricity provision service at the moment. However, after the complete deregulation of the electricity retail market, J:COM will be able to provide this service to stand-alone houses and small condominium complexes in its service area. With this influx of new potential users, the number of households able to take advantage of “J:COM Electric Power” will rise to roughly 19 million, representing a substantial expansion of the market for this service.

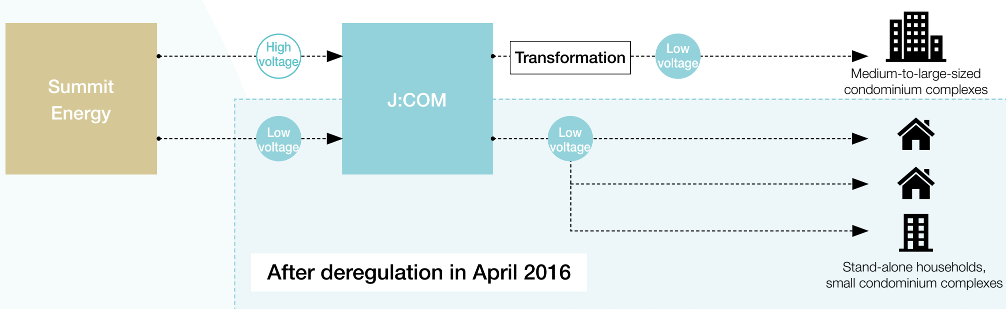
JAPAN

Breakdown of Potential "J:COM Electric Power" Users in J:COM's Service Area



April 2016~

"J:COM Electric Power" service to be made available to approx. 19 million



The "J:COM Electric Power" service is currently being utilized in conjunction with Sumitomo Corporation's condominium operations. For example, J:COM participated in developing the CLASSY HOUSE Kamikitazawa condominium complex from the product planning and design stages, leading this complex to introduce both the "J:COM Electric Power" service as well as J:COM's electricity consumption tracking service "ECOREPO," which allows users to view the amount of electricity they have consumed. This synergistic relationship presents an opportunity for market expansion for J:COM and a chance to use the Internet and cable TV services provided by this company to boost customer satisfaction. Going forward, J:COM will step up collaboration with the Company's condominium operations to continue expanding usage of its services.

CLASSY HOUSE Kamikitazawa

Creation of Social Infrastructure

Guided by the concept of "J:COM Everywhere," J:COM strives to provide a diverse range of services that enrich the lives of customers in local communities. Centered around broadcasting and communications, J:COM offers such services on a one-stop basis. With the new offering of electricity, an indispensable lifeline, J:COM will strengthen contact points with customers and develop services that are even more closely tied to local communities and households.

Going forward, Sumitomo Corporation will continue to foster internal collaboration of this nature to muster its collective strength in advancing initiatives in fields expected to grow over the medium-to-long term. In this manner, we aim to contribute to the creation of the social infrastructure that supports people's everyday lives.

2 Expanding Retail Businesses in Asia

Contributing to the Advancement of Emerging Countries by Leveraging the Knowledge and Know-How That We Have Nurtured over Many Years in Business

Strategic Industrial and Regional Focus Initiatives

Thailand

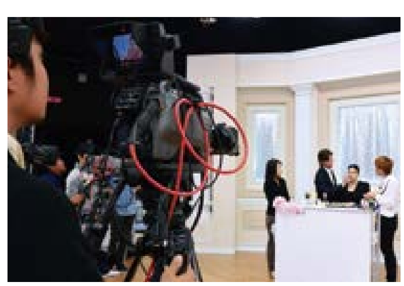
Shop Channel in Thailand

Sumitomo Corporation established Jupiter Shop Channel Co., Ltd. (JSC), which is currently Japan’s largest TV shopping company, in 1996, and has pursued this business since that time. After its founding, JSC was successful in providing live broadcasts on a 24-hour-a-day, 365-day-a-year basis, a feat that was revolutionary at the time. Leveraging its strengths in creating and broadcasting TV shopping programs and its ability to procure unique products, this company was a major pioneer in expanding Japan’s TV shopping market. While growing the market, JSC has continued to broaden, simultaneously cementing its position as the industry leader.

In consideration of this success, Sumitomo Corporation has continued to examine the possibility of further expanding JSC’s business foundations by commencing TV shopping operations in Asia and other rapidly growing emerging markets. In particular, we turned our focus to Thailand, which was ripe with business opportunities and possessed both the broadcasting infrastructure necessary for stable TV program transmissions and product tastes similar to those in Japan. Partnering with Central Department Store Limited, a core retail company in one of Southeast Asia’s largest conglomerations, and I.C.C. International Public Company Ltd., a central consumer goods wholesaler of the major Thai conglomerate the SAHA Group, JSC established SHOP Global (Thailand) Co., Ltd., in February 2013. SHOP Global draws on the wealth of expertise and experience these partners offer with regard to the consumer market in Thailand as well as their operating facilities, equipment, and other infrastructure. At the same time, SHOP Global has access to the program creation and product procurement know-how that JSC has accumulated in Japan. Leveraging these assets, SHOP Global is pushing forward with the development of its TV shopping operations in Thailand, which is one of Southeast Asia’s leading TV shopping markets.

Sales at SHOP Global have continued to grow smoothly since broadcasts commenced in November 2013, and this company aims to conduct broadcasts on a 24-hour-a-day, 365-day-a-year basis, similar to those of JSC in the future. Immensely capable of supplying unique products and conducting live broadcasts, SHOP Global is work toward becoming Thailand’s largest TV shopping company. At the same time, this company is stimulating activity in the TV shopping market in Thailand and helping provide consumers with more rewarding experiences through its business.

Creating a TV program that includes guests



Supporting staff for live broadcasts

Indonesia

Automotive Retail Finance Businesses

With a population of more than 240 million people, Indonesia has become a major automotive and motorcycle market among ASEAN countries. Sales of new automobiles and motorcycles reached more than one million and eight million, respectively, as the market has grown more than 10% each year since the turn of the century. In Indonesia, Group companies P.T. Oto Multiartha and P.T. Summit Oto Finance—jointly referred to as the Oto Group—are conducting automotive retail finance businesses. The Oto Group has more than 200 branches located across Indonesia, mainly on the islands of Java and Sumatra. Through this network, we have provided service to more than six million customers to date. Looking ahead, the middle-income bracket in Indonesia is anticipated to grow to 200 million people by 2020, and it can therefore be expected that the markets for automobiles and motorcycles will continue to expand going forward. Through the retail services offered by the Oto Group, we will keep working to achieve prosperity and realize the dreams of our customers.

Investment in Commercial Bank BTPN

In order to tap the voracious consumer demands of the growing middle classes in emerging countries, Sumitomo Corporation is commencing various initiatives. As part of these initiatives, we have invested in the financial sector of Indonesia. Indonesia is an extremely important market where a wide range of businesses are being developed, and we are anticipating high levels of growth particularly in the financial sector. We have focused our investments in the sector primarily on PT. Bank Tabungan Pensiunan Nasional Tbk (BTPN), a commercial bank that possesses strengths in the retail field. These investments were made from a long-term point of view. By producing synergies with BTPN, Sumitomo Corporation will continue to expanding its business portfolio and thereby make large contributions to economic growth in Indonesia and other Asian countries going forward.


Customer-oriented services at a BTPN Branch Office

Myanmar

Telecommunications Business in Myanmar

Myanmar has a population of approximately 50 million people. The government of this country has declared its intention to raise the penetration rate of mobile phones, which was approximately 30% on December 31, 2014, to 80% by 2016, a move that has resulted in the rapid proliferation of mobile phones. Together with KDDI Corporation, Sumitomo Corporation concluded an agreement with Myanma Posts & Telecommunications (MPT) in July 2014 to jointly undertake telecommunications operations in this country, and these operations have since commenced. We are now expanding this business by constructing telecommunication networks and improving communications quality.

Leveraging the telecommunications business expertise gained through operations in Mongolia, Guam, and other parts of the world, Sumitomo Corporation aims to help spread mobile phone usage in Myanmar. We will also contribute to growing the country's economy and improving the quality of life of its people by providing telecommunications services of impeccable quality.

The first directly operated store and MPT employees in Yangon

Overview of Operations

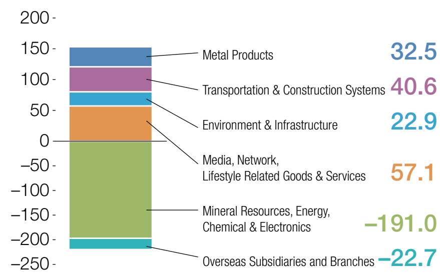
At a Glance

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

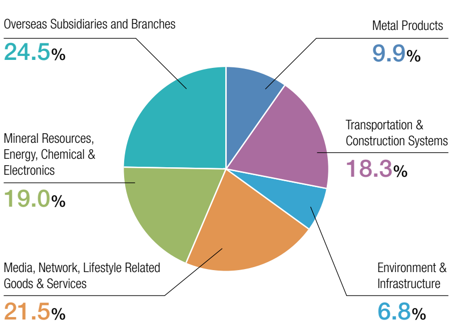
FY2013
¥ 223.1 bn.

FY2014
¥ –73.2 bn.

Profit (Loss) for the Year by Segment* (FY2014)



Assets by Segment* (FY2014)



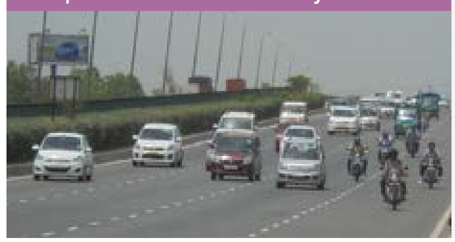
Metal Products

Profit for the Year

FY2013
¥ 26.6 bn.

FY2014
¥ 32.5 bn.

Transportation & Construction Systems



Profit for the Year

FY2013
¥ 47.6 bn.

FY2014
¥ 40.6 bn.

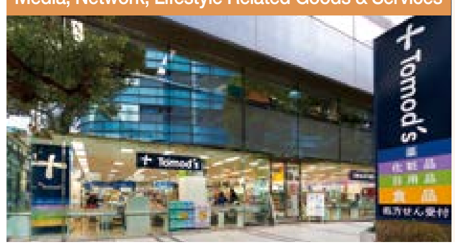
Environment & Infrastructure

Profit for the Year

FY2013
¥ 19.1 bn.

FY2014
¥ 22.9 bn.

Media, Network, Lifestyle Related Goods & Services



Profit for the Year

FY2013
¥ 55.5 bn.

FY2014
¥ 57.1 bn.

Mineral Resources, Energy, Chemical & Electronics

Profit (Loss) for the Year

FY2013
¥ 23.6 bn.

FY2014
¥ –191.0 bn.

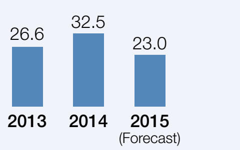
Overseas Subsidiaries and Branches

Profit (Loss) for the Year

FY2013
¥ 41.4 bn.

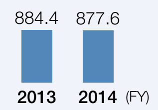
FY2014
¥ –22.7 bn.

Profit for the Year



Total Assets

(Billions of yen)



Business Unit Overview

The global and extensive value chain we are developing as a business unit encompasses various metal products, including steel products such as steel sheets, tubular products, and non-ferrous metal products such as aluminum. In the steel sheet-related field, we deliver steel sheet products mainly to automotive and home appliance manufacturers via our worldwide steel service center network, which provides functions including procurement, inventory management, and processing. In the tubular products field, we function as a total service provider by making our proprietary supply chain management (SCM) system available to oil and gas companies. In addition, in the non-ferrous products & metals field, our priority is to expand our production and sales locations for aluminum ingot and aluminum sheets.

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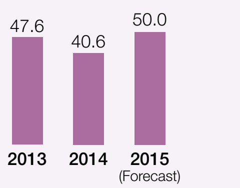
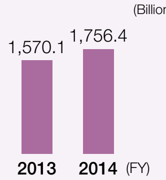
Profit for the Year



Total Assets

(Billions of yen)



Business Unit Overview

We are advancing our upstream, midstream, and downstream operations in the areas of ships, aircraft, railway, automobiles, and other transportation systems as well as construction equipment. In the ship, aerospace & transportation systems field, we run a leasing business focused on aircraft. We are also the only shipyard shareholder among Japanese trading companies and operate ships that we own and jointly own as well. In the automotive field, we are expanding and enhancing the major functions served by our value chain in areas such as manufacturing, sales and distribution, and lease and financing. In the construction equipment field, we have the highest transaction volume of construction equipment among trading companies. In addition to our worldwide equipment sales business, we focus on expanding our rental business for construction equipment and repair-maintenance service operation for mining equipment.

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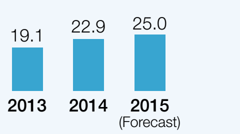
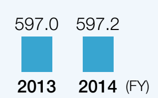
Profit for the Year



Total Assets

(Billions of yen)



Business Unit Overview

In the global power infrastructure field, we are developing overseas power generation businesses and EPC*1 businesses as well as businesses involving rechargeable batteries. In the environment and infrastructure project field, we are advancing renewable energy businesses focused on wind and solar power generation in Japan and overseas, electricity retailing in Japan, industrial infrastructure businesses that are mainly involved with industrial facilities, and water infrastructure businesses. In the logistics & insurance fields, apart from our logistics services encompassing shipping, customs clearance, and delivery, we arrange various insurance contracts and also develop and operate overseas industrial parks.

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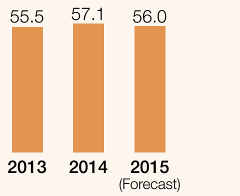
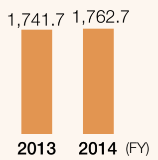
Profit for the Year



Total Assets

(Billions of yen)



Business Unit Overview

Our unit globally develops businesses that provide consumer-oriented products and services in fields such as media, network, retail, foods, materials & supplies and real estate. In our media and network fields, we focus primarily on Cable TV, IT solutions, and integrated mobile business. In our retail and food products fields, we are developing a wide range of businesses, from retail businesses such as supermarkets to food production and sales. In our materials & supplies and real estate fields, our portfolio consists of top-class operating companies in ready-mixed concrete as well as lumber and building materials. In addition, our main business pursuits are office buildings, retail facilities, and housing development and sales.

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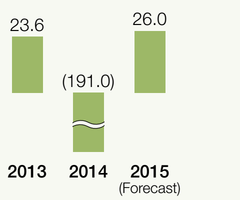
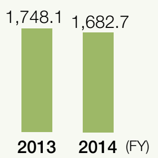
Profit (Loss) for the Year



Total Assets

(Billions of yen)



Business Unit Overview

In the mineral resources and energy field, we are giving first priority to efforts aimed at the early completion of the Ambatovy nickel project and the Sierra Gorda copper and molybdenum mine project. On a global scale, our trading businesses provide carbon products, iron and steel making raw materials, petroleum, and gas as well as derivative product functions. In the chemicals and electronics field, we trade in raw materials, organic and inorganic chemicals and plastics, and cutting-edge electronics industry materials and actively engage in EMS operations. In the life science field, we handle pharmaceuticals, crop protection products, fertilizer, and pet care products.

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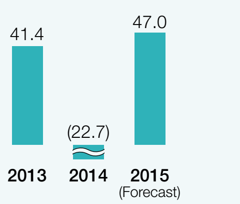
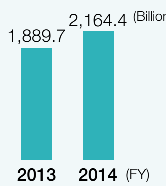
Profit (Loss) for the Year



Total Assets

(Billions of yen)



* Excluding corporate and eliminations

*1 EPC: Engineering, Procurement, and Construction

Notes 1) On April 1, 2015, we transferred control of the Tires Division, which was under the control of the Media, Network, Lifestyle Related Goods & Services Business Unit, to the Transportation & Construction Systems Business Unit. Accordingly, past results are shown on the basis of this reorganization.

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

Metal Products Business Unit

Makoto Horie

General Manager,
Metal Products
Business Unit

Main Fields

- Steel Sheet-related
- Tubular Products
- Non-Ferrous Products & Metals Field, etc.

Organization

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

Message from the General Manager

"What We Aim to Be"

We aim to realize growth strategies by anticipating changes in conditions and further strengthening relationships with our global partners.

Growth Strategies for Becoming What We Aim to Be

We will further strengthen value chains centered on such products as steel sheets, tubular products, and aluminum to achieve further growth. Within the steel sheet-related field, we aim to be a leading supplier in the automobile-related field that provides a product lineup ranging from steel sheets through to components. As well as managing tubular product supply chains, in the tubular product field we will provide oilfield equipment, materials, and services to heighten added value. Also, aluminum businesses aim to build value chains in global markets by accelerating the development of production bases in areas from smelting operations upstream to rolling mills midstream.

Q Please give us a review of BBBO2014.

A We steadily implemented value chain strategies in accordance with plans.

In the steel sheet-related field, we sought to expand businesses that supply electrical steel sheets, which are indispensable for the improvement of automotive fuel efficiency. To this end, we advanced initiatives to step up the growth of Kienle + Spiess Gmbh (K+S), one of Europe's largest manufacturers and marketers of motor cores. We acquired K+S in 2013. In the tubular products field, we expanded synergies between our existing businesses and Edgen Group Inc., which we made a wholly owned subsidiary in November 2013 with a view to strengthening tubular products value chains, particularly in midstream and downstream areas. Regarding the non-ferrous metal products field, we started the implementation of the third-phase expansion of Press Metal Berhad's aluminum smelting business in Malaysia, which will bring total production capacity to 760,000 tons per year upon completion.

Specialized vessel for transporting long rails

Fiscal 2014 Results

Profit for the year rose ¥5.9 billion year on year, to ¥32.5 billion, because North American tubular products businesses and steel service center businesses continued to perform robustly.

Q Please tell us about the measures you are taking in BBBO2017.

A We will deepen and enhance value chains in each field.

The effect of recent falls in crude oil and gas prices is unavoidable in the short term. However, oil and gas development is expected to increase in tandem with

Performance Highlights

(Billions of yen)

	FY2013	FY2014	FY2015 Forecast
Gross profit	97.2	103.5	96.0
Operating profit	34.6	37.4	–
Share of profit of investments accounted for using the equity method	5.6	9.1	–
Profit for the year (attributable to owners of the parent)	26.6	32.5	23.0
Basic profit	26.0	33.7	–
Total assets	884.4	877.6	–

the growth of energy demand over the medium-to-long term. Therefore, demand for tubular products and oilfield equipment and materials is likely to increase. Further, demand for transport materials and equipment is also expected to rise due to the development of railway infrastructure in emerging countries and modal shift initiatives in developed countries. Rising demand for electrical steel sheets is expected to contribute to improved automotive fuel efficiency. Increases in automotive unit production and vehicle-lightening needs will stimulate demand for aluminum-related products.

In the steel sheet-related field, we aim to build a system that encompasses steel sheet businesses through to automotive component businesses based on our steel service center businesses. With respect to transport equipment and materials businesses, plans call for establishing an unrivaled position by extending operations from delivery to include the maintenance area. In the tubular products field, our goal is to establish a system that can provide one-stop services based on a lineup of materials and equipment that is centered on tubular products. With this goal in mind, we will strengthen the industry-leading global operational foundations of our oil country tubular goods businesses even further. Furthermore, we will develop the oilfield equipment, materials, and services field while realizing synergies with Edgen Group to build distribution networks for line pipes and specialty tubular products. Through these efforts, we will strengthen our ability to provide a one-stop range of equipment and materials centered on tubular products. Regarding the non-ferrous metal products field, we will expand our aluminum smelting business through the third-phase expansion of our aluminum smelting business in Malaysia.

Q Could you please explain about CSR initiatives that you pursue through business activities?

A We view managing health, safety, security, and the environment (HSSE) as an extremely important aspect of business activities.

In the Tubular Products Division, we have built a global HSSE management system in accordance with our basic policy of giving priority to compliance and HSSE in all businesses. Aiming to eliminate industrial disasters and environmental accidents, we are strengthening organizational capabilities, educating personnel, conducting risk assessment, and sharing know-how through global HSSE network meetings. As a result of these efforts, the number of accidents is decreasing steadily. In fiscal 2014, we set out “Beyond Zero Harm” as a new slogan, which reflects our determination to inculcate and entrench HSSE as part of our corporate culture and make the absence of disasters and accidents a matter of course.

Emphasizing rigorously safe behavior appropriate to each employee’s workplace environment

Metal Products Business Unit

Summary of Main Fields

Steel Sheet-related Field

"What We Aim to Be"
We aim to become a leading supplier that offers a product lineup extending from steel sheets through to components by using our track record of handling many different types of steel sheets as a foundation.

Business Conditions
Burgeoning consumer spending in emerging countries is spurring growth in demand for automobiles, motorcycles, home appliances, construction materials, and other goods. Also, demand for steel-sheet products promises to rise even further given that developed countries are transferring to railway transport and emerging countries are developing railway infrastructure.

Strengths and Strategies
We will increase earnings through efficient management and realize higher added value by using as a foundation the sales capabilities of our steel service center businesses, which comprise 32 companies operating in 13 countries worldwide. Most of these are emerging countries. In addition, we will grow our share of markets for such transport equipment as train wheels and axles and automotive crank shafts by developing manufacturing and sales bases in regions worldwide.

Current Initiatives
In the automobile-related field, we will continue initiatives focused on becoming a global supplier that provides a product lineup covering steel sheets through to components. As part of these efforts, we aim to expand the businesses of K+S, acquired in 2013, to become the world's No.1 manufacturer in this area. To this end, we will advance motor core businesses, which are likely to see increasing demand for the use of their products in such vehicles as electric cars and hybrid cars due to the effect of environmental policies and energy costs.

Outside view of the Y-Tec Keylex Mexico automotive parts manufacturing facility

Tubular Products Field

"What We Aim to Be"
We aim to extend tubular product value chains to cater to medium-to-long-term increases in energy demand.

Business Conditions
In the medium-to-long term, demand for oil country tubular goods for use in crude oil and gas development projects and line pipes for transport use is expected to grow in response to heightening demand for energy centered on emerging countries.

Strengths and Strategies
Our tubular product businesses boast a solid customer base, network, and product lineup that are among the largest in the world. We have achieved this by drawing on our diverse capabilities to develop businesses globally. For example, in 15 countries worldwide we offer supply chain management that provides integrated services encompassing ordering and inventory management through to processing, inspection, transport, and repair. Going forward, we will continue strengthening the tubular product value chain that we have built and expand earnings foundations.

Current Initiatives
A global distributor of tubular products and metal for the energy industry, Edgen Group became a wholly owned subsidiary in November 2013. In this way, we are further strengthening businesses in the oilfield equipment, materials, and services field, which is adjacent to our core businesses in the tubular product field. By creating synergies with existing businesses, we will expand value chains steadily.

Manufacture of oil well equipment at Howco Group plc.

Non-Ferrous Products & Metals Field

"What We Aim to Be"
We will bolster our cost-competitive value chains by strengthening our relationships with global partners.

Business Conditions

Applications for such non-ferrous metals as aluminum and titanium are increasing. The market for these metals is likely to continue growing given the strong focus on improving the fuel efficiency of automobiles, aircraft, and other vehicles by lightening them.

Strengths and Strategies

Our aluminum trading activities have dominated the Japanese market. In order to enlarge our presence in the global market, we will accelerate further development of the value chain of the aluminum industry overseas, from upstream to midstream.

Current Initiatives

In our aluminum smelting business with Press Metal in Malaysia, with the establishment of stable operations following the second-phase expansion, we are undertaking third-phase expansion, which will bring our total production capacity to 760,000 tons per year. The completion of this expansion will enable us to enhance our aluminum value chain.

Our aluminum smelting joint venture with Press Metal, in Malaysia

Project Overview

Increasing Equity Interest in Aluminum Smelting and Enlarging Ingot Trading

Aluminum ingots produced by Press Metal

Press Metal is the largest aluminum manufacturer in Malaysia and is currently operating two aluminum smelting businesses in the state of Sarawak. We have participated in two phases of expansion in this project through a joint venture with Press Metal. The total existing capacity of aluminum ingots is 440,000 tons per year, comprising 120,000 tons in the first–phase expansion and 320,000 tons in the second. We obtained a 20% equity interest in the first and second phases of the project in 2010 and 2014, respectively. Further, the construction of a plant in the third-phase expansion has begun; the plant is expected to commence operation in early 2016. Total capacity on completion of the third-phase expansion will be 760,000 tons per year, and we will have obtained a 20% equity interest in each phase of the project.

Together with our equity, metal supplied through our Australian smelting activities is also expanding. Particularly in Asia, as we expect more overseas forays among Japanese manufacturers and the localization of automotive manufacturing to grow demand for aluminum globally, we will concentrate efforts on further developing the global aluminum trading business through our partnership with Press Metal.

Transportation & Construction Systems Business Unit

Naoki Hidaka
General Manager,
Transportation &
Construction Systems
Business Unit

Main Fields
- Ship, Aerospace & Transportation Systems
- Automotive
- Construction Equipment

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

Message from the General Manager

"What We Aim to Be"

We aim to anticipate changes in business conditions and change and expand business fields flexibly while sustaining growth.

Growth Strategies for Becoming What We Aim to Be

We will enhance the profitability of existing businesses rigorously while making earnings pillars stronger by incorporating related businesses. Further, we will actively tackle new businesses that have the potential to become future earnings sources, even taking on areas beyond the range of existing businesses.

At the same time, we will analyze market conditions, economic trends, and potential objectively. Based on our conclusions, we will allocate management resources discriminatingly and develop the personnel required.

Q Please give us a review of BBBO2014.

A We expanded our earnings base through global business development initiatives.

In the ship, aerospace and transportation systems field, although a lackluster shipping market affected ship businesses, aircraft leasing and other existing businesses performed solidly. In the automotive field, we grew such businesses as automobile manufacturing businesses in Mexico into new business pillars. At the same time, we focused efforts on maintaining and expanding existing businesses, including leasing businesses, financing businesses, and sales and distribution businesses. As for the construction equipment field, we grew sales and rental businesses in North America steadily, and we advanced projects to meet increasing demand in emerging markets. For example, we developed new businesses in Saudi Arabia.

Further, in Asia's retail field, we increased our business presence by investing in an Indonesian commercial bank.

An automobile manufacturing joint venture with Mazda Motor Corporation, in Mexico

Fiscal 2014 Results

Profit for the year declined ¥7.0 billion year on year, to ¥40.6 billion, because the tire business of TBC Corporation (U.S.), transferred to the business unit as a result of reorganization, recognized impairment losses, which counteracted the full-fledged start-up of automobile manufacturing businesses in Mexico and steady performances by the leasing and construction equipment rental businesses.

Q Please tell us about the measures you are taking in BBBO2017.

A We will expand existing businesses by strategically investing capital, realizing returns, and replacing assets while advancing initiatives that respond to external conditions.

We expect sales and rental businesses to expand because the increasing

Performance Highlights

(Billions of yen)

	FY2013	FY2014	FY2015 Forecast
Gross profit	171.5	183.6	192.0
Operating profit	34.0	18.4	–
Share of profit of investments accounted for using the equity method	27.5	31.7	–
Profit for the year (attributable to owners of the parent)	47.6	40.6	50.0
Basic profit	47.5	51.4	–
Total assets	1,570.1	1,756.4	–

* The business results of previous fiscal years have been reclassified to reflect reorganization implemented on April 1, 2015.

populations and rising living standards of rapidly growing emerging countries are likely to boost demand for automobiles and transportation steadily. Furthermore, stepped-up infrastructural development is heightening demand for construction equipment. Also, demand for aircraft leasing and railway development are growing centered on emerging countries.

In ship businesses, we will replace such assets as owned and jointly owned ships and diversify the portfolio with our sights set on a future market recovery. In relation to aircraft, existing aircraft and engine leasing businesses will accumulate assets to increase earnings. At the same time, we plan to enter new fields, including the provision of component-related services and manufacturing businesses. Regarding railway-related businesses, we will implement existing EPC (engineering, procurement, and construction) projects steadily while expanding high-speed railway projects and other businesses in emerging countries. In automobile businesses, focusing on emerging countries, we will enlarge the sales and distribution business, expand automobile and component manufacturing businesses, and grow and diversify retail financing and auto leasing businesses overseas. Also, we intend to proceed steadily with a plan to restructure tire businesses in North America. In the construction equipment field, we will increase the profitability of existing sales businesses by strengthening "the product support" (after-sales services), and expand rental businesses further.

Q Could you please explain about CSR initiatives that you pursue through business activities?

A Through our agricultural machinery sales businesses in India, we contribute to increasing agricultural productivity, strengthening the basis of food production, and heightening farmers' quality of life.

In India, which has the world's second-largest farming population, we established an agricultural machinery sales company in partnership with Kubota Corporation in 2008. Since then, we have been selling high-quality agricultural machinery that reflects local needs. By combining Kubota's advanced technology and expertise with our extensive experience in overseas marketing, this business will contribute to the solution of such issues as low agricultural productivity, which is attributable to a comparative lack of mechanization, labor shortages in rural areas brought about by increased industrialization and urbanization, and the rising demand for food that is accompanying growth of the economy and population. Furthermore, we believe that this business contributes to heightening farmers' quality of life. Going forward, we will continue contributing to agricultural development in Tanzania, Myanmar, and other developing and emerging countries.

Not only selling agricultural machinery but also giving guidance on rice cultivation

Transportation & Construction Systems Business Unit

Summary of Main Fields

Ship, Aerospace & Transportation Systems Field

"What We Aim to Be"
We aim to achieve sustainable balanced growth by combining financing and assets businesses that are focused on earnings scale with the conventional trading and service-providing businesses of a trading company.

Business Conditions
The aircraft leasing business is expanding due to solid demand for aircraft among emerging countries and from airline companies seeking timely aircraft procurement. Although the shipping market is lackluster, we are closely monitoring current market conditions in the ship business. In Asia, there are a substantial number of railway projects, and significant business opportunities are likely to come up.

Strengths and Strategies
In the aviation field, we will further expand the aircraft leasing business of SMBC Aviation Capital (SMBC AC) while advancing engine leasing and other related businesses. We will develop and expand our ship business by capitalizing on the customer base developed through the trading business and the shipbuilding expertise of associated company Oshima Shipbuilding Co., Ltd. In transport infrastructure, we will seek to win orders for railroad EPC projects by taking advantage of our experience in this field.

Current Initiatives
Based on our expectations of growing lease demand, SMBC AC has gained lease assets, including through its recent ordering of 195 aircraft from Airbus S.A.S. and The Boeing Company. In the railway business, together with Nippon Sharyo, Ltd., we have succeeded in obtaining an order from PT MRT Jakarta, of Indonesia, for 96 subway railcars for the North-South Line of the Jakarta Mass Rapid Transit System, which will be the first subway project in Indonesia. Moreover, this will be the first shipment to Indonesia of Japan-made railcars in two decades.

A rendering of the North-South Line of the Jakarta Mass Rapid Transit System

Automotive Field

"What We Aim to Be"
We aim to further develop production, sales, distribution, and finance functions to expand our earnings base.

Business Conditions
Increasing motorization in certain emerging countries is expected to lead to expansion of automobile and component manufacturing, sales and distribution, and financing businesses. As for developed countries, new opportunities are likely to increase in relation to businesses based on new technologies required for alternative fuels and lighter vehicles.

Strengths and Strategies
We will grow our earnings base by capitalizing on relationships with global companies in the automotive field and on our familiarity with and ability to advance businesses in a wide range of fields. As for financing services businesses, we will expand and improve financing businesses for automobiles and motorcycles with a focus on Asia. At the same time, we will further expand auto leasing businesses in Japan and overseas. In the manufacturing related business area, we will expand the manufacturing of automobiles and components with a focus on emerging countries. Also, we aim to expand the existing sales and distribution business for automobiles and tires while continuing to take on the challenge of new markets.

Current Initiatives
In a joint initiative with Sumitomo Mitsui Auto Service Company, we acquired the auto leasing business of Carzonrent (India) Private Limited, which provides automobile-related services in India. The country's auto leasing market accounts for approximately 40,000 vehicles. However, corporate demand is expected to grow the market to 100,000 vehicles within several years. We aim to expand auto leasing businesses further through early participation in India's market, which promises growth.

India, where motorization is advancing rapidly

Construction Equipment Field

"What We Aim to Be"
We aim to establish a business model for sustained growth and become indispensable to our business partners.

Business Conditions

We expect construction equipment rental businesses to sustain growth because construction investment is likely to continue as the economy picks up in the United States, where the trend toward renting rather than owning is increasing. In emerging countries, we anticipate stepped-up infrastructural development will grow demand.

Strengths and Strategies

In rental businesses, we will implement an expansion strategy, aiming to increase the market share of U.S. construction equipment rental company Sunstate Equipment Co., LLC, in which we acquired an equity interest. Regarding sales and services businesses, we will take on the challenge of establishing new dealership businesses in emerging markets, including the Middle East, Asia, Latin America, and Africa, by leveraging our global business foundations and the expertise accumulated through dealership businesses.

Current Initiatives

To cater to the diverse needs of customers in North America, Europe, China, the Commonwealth of Independent States (CIS), Saudi Arabia, and Japan, we operate businesses engaged in sales and services of general construction equipment and large mining equipment, and also in rentals and used equipment sales. As part of these efforts, we have been steadily growing business earnings in the United States—the world's largest construction equipment rental market—since taking an equity interest in Sunstate Equipment in 2008. In addition, we are developing trading businesses for emerging countries in such regions as Asia, the Middle East, and Africa.

Rental construction equipment from Sunstate Equipment being transported to a customer

Project Overview

Aircraft and Aircraft Engine Leasing Businesses in a Growing Aircraft Market

Main Portfolio-to-be / New Generation Aircraft

In 2012, a consortium comprising Sumitomo Mitsui Banking Corporation, Sumitomo Mitsui Finance and Leasing Company, Limited, and Sumitomo Corporation acquired aircraft leasing businesses from a major U.K. financial institution, The Royal Bank of Scotland Group plc. We integrated the new businesses with existing businesses to form SMBC AC. At present, the company is the third largest in the aircraft leasing industry, which is expected to see demand for nearly 35,000 new aircraft over the coming two decades. Against this backdrop, we will continue forming a high-quality aircraft portfolio and meeting the needs of a wide range of customers. As part of these efforts, in 2014 we concluded purchase contracts for next-generation aircraft with Airbus, of France, and Boeing, of the United States.

As for the aircraft engine field, we began businesses providing aircraft engine leasing services in 2013 with a leading aircraft engine manufacturer and maintenance services provider MTU Aero Engines AG, of Germany. The aviation industry is seeing growing demand for spare aircraft engines under long-term lease formats as well as for short-term leasing when aircraft engines are being serviced. With these trends in mind, we will provide services tailored to customer needs. As of the end of March 2015, our aircraft engine leasing businesses had grown its assets to more than ¥10 billion. By increasing assets to ¥50 billion, providing component sales and maintenance services in the aircraft engine field, and creating synergies, we plan to expand our businesses in commercial aircraft value chains.

Environment & Infrastructure Business Unit

Michihiko Kanegae

General Manager, Environment & Infrastructure Business Unit

Main Fields

- Environment & Infrastructure Project Field
- Global Power Infrastructure Field
- Logistics & Insurance Field

Organization

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

Message from the General Manager

"What We Aim to Be"

We aim to expand long-term, stable earnings foundations and contribute to society's development by growing infrastructure businesses that cater to market demand and increasing and improving logistics capabilities.

Growth Strategies for Becoming What We Aim to Be

To expand our earnings foundations, we will increase the allocation of management resources on priority fields, such as overseas power infrastructure businesses, overseas renewable energy power generation businesses, domestic electricity businesses, and overseas industrial park businesses. We intend to expand overseas power infrastructure businesses mainly in Asia, the Middle East, the Americas, and Sub-Saharan Africa. The focus of our expansion of renewable energy power generation businesses will be offshore wind power. Meanwhile, domestic electricity businesses will focus efforts on expanding our power generation capacity and growing the scale of retail sales. In addition, overseas industrial park businesses will extend existing industrial parks and develop new industrial parks. Also, we will foster water infrastructure businesses and battery businesses as future pillars of earnings.

Q Please give us a review of BBBO2014.

A Profit for the year increased year on year due to the solid business results of the Tanjung Jati B Coal-Fired Power Plant in Indonesia and other overseas power infrastructure businesses.

Overseas power infrastructure businesses began commercial operation of a gas-fired combined-cycle thermal power plant in the United Arab Emirates, participated in gas-fired combined-cycle thermal power plant projects in Kuwait and Ghana, and received orders for large-scale EPC (engineering, procurement, and construction) projects in Malaysia and Vietnam. Renewable energy power generation businesses began commercial operation of wind and solar farms that were constructed in Japan, the United States, and South Africa; participated in offshore wind power generation projects in Belgium; and started to built a biomass power plant in Japan. As for overseas industrial park businesses, we extended existing industrial parks and advanced a new development in Myanmar. Through such initiatives in all of the above businesses, we sought to expand earnings foundations steadily. As measures for strategic asset management, we disposed of certain equity interests in water infrastructure businesses in the United Kingdom and sold the operating companies of solar power generation and wind power generation businesses in Japan and overseas.

Manjung ultra-supercritical coal-fired power plant (Malaysia)

Fiscal 2014 Results

Profit for the year rose ¥3.8 billion year on year, to ¥22.9 billion, reflecting steady performances by overseas power infrastructure businesses.

Q Please tell us about the measures you are taking in BBBO2017.

Performance Highlights

(Billions of yen)

	FY2013	FY2014	FY2015 Forecast
Gross profit	63.7	64.5	67.0
Operating profit	19.2	20.5	–
Share of profit of investments accounted for using the equity method	5.2	5.3	–
Profit for the year (attributable to owners of the parent)	19.1	22.9	25.0
Basic profit	15.6	17.5	–
Total assets	597.0	597.2	–

A We will reinforce and expand earnings foundations and maintain their growth momentum by implementing growth strategies and undertaking appropriate asset management.

Overseas, emerging countries' economic growth and increasing populations are generating ever greater demand for power and water infrastructure. Moreover, demand is heightening for environment-friendly businesses that will help establish a sustainable society. In Japan, the full liberalization of power retailing scheduled for April 2016 promises to increase business opportunities. Further, as Japanese companies advance overseas, demand for logistics services and the development of industrial parks is becoming very strong.

In overseas power infrastructure businesses, we will give priority to initiatives in regions in which we have abundant experience and expertise, such as Asia, the Middle East, and the Americas. At the same time, we will focus efforts on developing projects in Sub-Saharan Africa and other new markets. Renewable energy power generation businesses will expand business foundations centered on offshore wind power generation in Europe while focusing on strategic asset management. With sights set on the full liberalization of power retailing, domestic electricity businesses will expand our competitive power generation capacity, such as biomass power generation, and grow the scale of retail sales. Logistics businesses will contribute to additional growth of businesses throughout the Sumitomo Corporation Group by providing integrated, comprehensive support in Japan and overseas. As for overseas industrial park businesses, plans call for extending and upgrading the capabilities of existing industrial parks while developing new projects in emerging countries. Water infrastructure businesses will focus efforts on the development of new concession business projects, and battery businesses will conduct verification projects for energy management businesses in Japan and overseas that use storage batteries.

Q Could you please explain about CSR initiatives that you pursue through business activities?

A We contribute to the development of local economies and communities through renewable energy power generation businesses in such areas as wind and solar power.

There is a growing concern that the growth of South Africa's economy and population could lead to increased power shortages as well as an increase in CO_2 emissions, due to its high dependency on coal-fired power generation. In an aim to resolve these issues, we took advantage of the experience and expertise accumulated through the wind power businesses in Japan and overseas to lead the development and construction of a 100MW wind farm project with a local partner. In August 2014, the project reached commercial operation. During the 20-year operational period, we will contribute and utilize part of our revenue from the project for the benefit of the local communities. As shown by one of our initiatives that provides extracurricular lessons for elementary schoolchildren, we will continue ensuring that our renewable energy businesses positively impact the lives of the local communities.

An extracurricular lesson for elementary schoolchildren

Environment & Infrastructure Business Unit

Summary of Main Fields

Environment & Infrastructure Project Field

"What We Aim to Be"
We aim to contribute to the realization of a sustainable society and sustainable industries by advancing projects for the development of efficient infrastructure that places minimal burden on the environment.

Business Conditions
In Japan, the increasing liberalization and deregulation of power retailing promises to create more business opportunities. With regard to renewable energy power generation, although change in the incentive schemes that respective countries are introducing is a risk, we expect demand for environment-friendly power generation capacity to continue. Also, demand for safe, hygienic water is likely to increase.

Strengths and Strategies
In domestic electricity businesses, we will exploit accumulated experience and Sumitomo Corporation's integrated strength to secure additional competitive power generation capacity and increase the scale of retail sales. Meanwhile, renewable energy power generation businesses will take advantage of our experience in the development of projects in the United States, South Africa, and Belgium to accumulate high-quality assets and focus on strategic asset management. In water infrastructure businesses, our aim is to capitalize on experience garnered through the water supply businesses in the United Kingdom to participate in high-quality projects.

Current Initiatives
We began commercial operation of wind farms and solar farms that we constructed in Japan, the United States, and South Africa and participated in an offshore wind power generation project in Belgium that we expect will grow vigorously. In preparation for full liberalization in the power retail field, we are taking advantage of Sumitomo Corporation's integrated strength by, for example, undertaking business collaboration with J:COM, which is a cable TV provider and has the largest market share in the industry. Also, in Japan we are building a biomass power plant as in-house power generation capacity.

Oga Wind Farm (Japan)

Global Power Infrastructure Field

"What We Aim to Be"
We aim to reinforce our leading position in the electric power development field through the two mainstays of power generation businesses and EPC projects.

Business Conditions
Global demand for power is expected to increase further due to the rising populations and economic growth of emerging countries, mainly in Asia, the Middle East, and Sub-Saharan Africa.

Strengths and Strategies
We will concentrate efforts on proposing and forming projects in which we can bring to bear more sophisticated and diverse capabilities. In such projects, we will identify changes in market needs accurately and integrate knowledge and expertise ranging from the design and construction of power stations through to the development and management of power generation businesses—acquired through many years of experience in the overseas power business. We will give priority to initiatives in such regions as Asia, the Middle East, and the Americas, where we have an extensive track record and in-depth knowledge. Furthermore, we will continue to take on the challenge of Sub-Saharan Africa and other new markets.

Current Initiatives
In the power infrastructure field, we are constructing Kuwait's first private independent water and power producer (IWPP) project, the Az-Zour North project, with a view to beginning commercial operations in 2016. In addition, we are constructing a gas-fired combined-cycle thermal power plant in Ghana that will be one of the largest facilities of its kind in the country when commercial operations begin in 2017. In the power EPC field, we are proceeding with large-scale construction projects in Taiwan, Malaysia, and Vietnam. In other initiatives, battery businesses are conducting verification projects for energy management businesses in Japan and overseas that use storage batteries.

Az-Zour North Independent Water and Power Producer (IWPP) project (Kuwait)

Logistics & Insurance Field

"What We Aim to Be"
We aim to extend the business foundations of overseas industrial parks and to contribute to Companywide earnings through the expansion and improvement of logistics and insurance capabilities.

Business Conditions

As the scale of the Sumitomo Corporation Group's businesses increases, more sophisticated logistics and insurance capabilities are required. Companies from countries worldwide, including numerous Japanese companies, are making advances into emerging countries centered on Asia. Consequently, demand for logistics services and industrial parks is rising.

Strengths and Strategies

By leveraging the experience in handling logistics for diverse products that we have accumulated as a general trading company and expertise in insurance risk management acquired through the implementation of a variety of large-scale projects, we will help enhance the value of businesses throughout the Group as well as generate independent earnings. In overseas industrial park businesses, we aim to expand earnings foundations by extending and upgrading the capabilities of existing industrial parks while developing new projects in emerging countries.

Current Initiatives

We are reorganizing logistics companies in Japan and overseas to heighten the sophistication of logistics capabilities and enhance management efficiency. Furthermore, we are contributing to earnings growth throughout the Company by providing comprehensive logistics support to new large-scale projects overseas. In overseas industrial park businesses, we are playing a leading role in the development of industrial parks as part of a public-private collaboration between Myanmar and Japan. Moreover, we are developing new industrial parks in India and Vietnam.

Thilawa Special Economic Zone (Myanmar)

Project Overview

Initiatives for Renewable Energy Power Generation Businesses in the United States

Mesquite Creek Wind Farm (U.S.)

Viewing overseas renewable energy businesses as one of our core businesses, we have developed and managed businesses in the Americas, Europe, South Africa, and China.

Our initiatives for renewable energy businesses in the United States began in 2009 when we acquired an equity interest in the existing Stanton wind farm in Texas. Since then, we have accumulated knowledge and experience in this field by participating in various projects. These include participation in the Shepherds Flat wind farm in Oregon; the Desert Sunlight solar farm in California, which is one of the world's largest solar farms; and the Cimarron II and Ironwood wind farms, which are jointly owned and operated by Duke Energy Renewables, a major utility and renewable energy developer in the United States.

In April 2015, we began commercial operation of the Mesquite Creek wind farm in western Texas, an initiative that we led at all stages, from the arrangement of project finance and conclusion of generated power off-take contracts through to development and construction. In the United States, companies involved in consumer business are increasingly and actively purchasing electricity from renewable sources. Following this trend, we concluded a long-term, 20-year off-take contract for the sale of most of the power generated by the Mesquite Creek wind farm with Mars, Inc., a major U.S. manufacturer and seller of confectioneries and pet food. As can be seen in this project, we are taking on the challenge of new schemes of selling power while contributing to the preservation and improvement of the environment.

Media, Network, Lifestyle Related Goods & Services

Hirohiko Imura

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

Main Fields

- Media and Network
- Retail and Food
- Materials, Supplies and Real Estate

Organization

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

Message from the General Manager

"What We Aim to Be"

We will create new lifestyles by developing diverse consumer and lifestyle-related businesses globally.

Growth Strategies for Becoming What We Aim to Be

We will further strengthen our domestic businesses that already have robust foundations, including the Cable TV, TV shopping, and real estate businesses. At the same time, we will take advantage of our strengths and expertise acquired through management to develop existing domestic businesses so that we can use those strengths and expertise to capture demand and growth in emerging countries, particularly in Asia. Other initiatives will combine diverse businesses to create new value and lifestyles unique to Sumitomo Corporation, thereby fostering new earnings pillars.

Q Please give us a review of BBBO2014.

A We developed existing businesses globally and further bolstered our business foundations.

Jupiter Telecommunications Co., Ltd. (J:COM), maximized the benefits of integration with JAPAN CABLENET LIMITED (JCN)—which it acquired in 2013 when JCN was the industry's second-largest company—and further strengthened business foundations. Our TV shopping business in Thailand expanded steadily after beginning to broadcast programs in November 2013. Further, we participated in a telecommunications business in Myanmar. In food businesses, as part of development of global upstream operations, we expanded sugar-refining businesses in Thailand in which we acquired an equity interest in fiscal 2013. In real estate businesses, we began initiatives for logistics facilities businesses and the management of private-placement REITs as a fourth pillar alongside office buildings, condominiums, and retail facilities.

A newly opened Summit Store in CLASSY TOWER, Higashi Nakano

Fiscal 2014 Results

Profit for the year rose ¥1.6 billion year on year, to ¥57.1 billion, thanks to robust performances by mainstay businesses in Japan, including J:COM and Jupiter Shop Channel Co., Ltd.

Q Please tell us about the measures you are taking in BBBO2017.

A We will take advantage of our domestic and overseas expertise in relation to each business to expand businesses.

The introduction of ICT is advancing in all industries, with fields that integrate IT and mobile technologies having particularly significant potential. In Japan, the e-commerce market continues to grow. Also, mainly in downtown Tokyo, real

Business Unit

Performance Highlights

(Billions of yen)

	FY2013	FY2014	FY2015 Forecast
Gross profit	237.6	239.0	257.0
Operating profit	39.8	44.7	–
Share of profit of investments accounted for using the equity method	40.0	40.1	–
Profit for the year (attributable to owners of the parent)	55.5	57.1	56.0
Basic profit	59.3	57.8	–
Total assets	1,741.7	1,762.7	–

* The business results of previous fiscal years have been reclassified to reflect reorganization implemented on April 1, 2015.

estate prices are rising in anticipation of the 2020 Tokyo Summer Olympic and Paralympic Games. Catering to increasing food demand accompanying population growth and expansion of the middle classes, particularly in emerging countries, has become a worldwide issue.

In Japan, we aim to raise customer satisfaction in the Cable TV and TV shopping businesses. To this end, J:COM has started to provide additional services, such as power supply, to existing services, while the TV shopping businesses will strengthen the appeal of the products they offer. As for the TV shopping business in Thailand, we aim to make it profitable as soon as possible by utilizing our expertise in broadcasting programs and merchandising. For the telecommunications business in Myanmar, in which we participated in 2014, to contribute to Myanmar's development, we will take advantage of our experience and expertise, which we gained when we were developing similar telecommunications businesses in such countries as Mongolia. In food businesses, where the Company is focusing on expansion, we will strengthen the existing advantages of banana businesses and build value chains for other products and regions. In materials, supplies, and real estate businesses, we will capture demand stemming from the 2020 Tokyo Summer Olympic and Paralympic Games. In conjunction with these efforts, we will establish business foundations as a general comprehensive real estate developer and expand private-placement REIT and fund businesses.

Q Could you please explain about CSR initiatives that you pursue through business activities?

A We contribute to reducing CO_2 emissions by providing a stable, long-term supply of wood biomass, a renewable fuel.

Biomass, a plant derived fuel, contributes to CO_2 emission reductions significantly. Demand for renewable energy is increasing steadily due to concern about the problem of global warming. In response, we have been playing a pioneering role in the industry by supplying wood biomass fuel to Japan since 2008. Moreover, to expand related businesses we concluded long-term supply contracts with Summit Energy Corporation and other power producers in 2014. Also, such factors as Japan's "Feed-in Tariff" system increase the likelihood that the use of biomass fuel will spread in the long term. Going forward, we will exploit our unique strengths and capabilities, such as expertise and networks developed over many years of engagement in wood resource businesses, to support long-term, stable supplies of renewable energy.

Unloading of wood pellets, a biomass fuel

Media, Network, Lifestyle Related Goods & Services Business Unit

Summary of Main Fields

Media and Network Field

"What We Aim to Be"
We aim to expand our earnings foundations by further strengthening and globally developing our industry-leading businesses in Japan.

Business Conditions
In the media and telecommunications industry, users' lifestyles and market conditions are changing due to the rapid spread of smartphones, tablets, and higher speed data services at a lower price. Also, industries across the board are increasingly introducing ICT, and the use of ICT for differentiation and the realization of more advanced capabilities is becoming critical.

Strengths and Strategies
We have stakes in companies that are leaders in their respective industries, and we work with these companies to expand their businesses. For example, J:COM has the largest share of Japan's Cable TV market, while SCSK Corporation provides a full lineup of global IT services. While further strengthening these existing businesses, we intend to exploit our expertise cultivated through media businesses in Japan and telecommunications businesses in emerging countries to develop new businesses globally.

Current Initiatives
J:COM is adding two new services, power supplies and mobile virtual network operator (MVNO) services, to bundle five services, and it is offering new styles of watching TV to increase customers' satisfaction and enhance earnings. SCSK aims to achieve high profit growth by shifting to a service-oriented business and creating high-added-value services that meet society's evolving needs. In the telecommunications business in Myanmar, we aim to offer the best telecommunications coverage, quality, and customer support and expand the business.

SCSK's ninth base in Japan, netXDC Chiba Center 2

Retail and Food Field

"What We Aim to Be"
We aim to provide consumers worldwide with safe, reliable, and pleasant apparel, food, and dwellings.

Business Conditions
The consumer market in Japan is stable and one of the largest markets in the world. Moreover, the country's e-commerce market is continuing to grow. In addition, emerging countries in Asia and other regions are seeing demand for grains, oils, and meat rise as populations grow and economic development encourages diets that are more diverse and sophisticated.

Strengths and Strategies
We will further strengthen TV shopping businesses in Japan while expanding these businesses globally in Thailand and other countries. Taking advantage of our competence in food businesses, such as banana business, we will build value chains that link food supply and demand.

Current Initiatives
We are expanding the TV shopping business in Thailand by utilizing our strengths and expertise in broadcasting programs and merchandising. In food businesses, where the Company is focusing on expansion, we are building value chains linking upstream areas to midstream areas by participating in grain businesses and frozen dough businesses in Australia, flour-milling businesses in Vietnam, and sugar-refining businesses in Thailand and China.

Harvested and cleaned carrots in New Zealand

Materials, Supplies and Real Estate Field

"What We Aim to Be"
We aim to provide comfortable dwelling and communal environments through sustainable town development and other efforts to promote coexistence with nature.

Business Conditions

In China and other countries, demand for lumber has grown over the medium-to-long term, and it is likely to continue increasing. In Japan's real estate market, demand remains solid in downtown areas, while awareness of buildings' safety, reliability, and environment-friendliness is heightening.

Strengths and Strategies

In lumber businesses, we will acquire forest resources in the Pacific Rim region. As for the real estate field, we will develop high-quality properties as a comprehensive real estate developer, focusing on office buildings, condominiums, and commercial facilities. Going forward, as well as using expertise gained through real estate businesses in Japan to develop businesses overseas, we will focus efforts on private-placement REITs and funds.

Current Initiatives

In the real estate field, we have begun implementing a plan to develop one of the largest mixed-use buildings in the Ginza area, the Ginza 6-chome redevelopment project. Also, we are advancing development aimed at enhancing the appeal of whole urban areas. For example, in the Kanda area, which we have positioned as a strategically important area for our business, Terrace Square opened in May 2015, and we are developing the Kanda Nishiki-cho 2-chome project (provisional name). As for new business initiatives, we have begun managing private-placement REITs and logistics funds. In addition, plans call for capitalizing on networks developed through the lumber businesses to develop wood biomass resources.

Developing a large mixed-use building in the Kanda area, Terrace Square

Project Overview

Fourth Pillar of Real Estate Businesses: Non-Asset Businesses (Private-Placement REIT)

Examples of Sumitomo Corporation's efforts in the non-asset businesses

Through a "hands-on" corporate culture of taking the initiative to become directly involved in projects from planning and development through to management, we have developed office buildings, housing, and retail facilities into the three main pillars of our real estate businesses. As an addition to these existing three pillars, in recent years we have been stepping up efforts to establish a fourth pillar by developing non-asset businesses, including private-placement REIT and private fund businesses. As part of these efforts, Sumisho Realty Management Co., Ltd., led the establishment of a private-placement REIT, SC Realty Private REIT, Inc., in January 2015.

We have begun management of the private-placement REIT, which has assets of ¥32.4 billion and comprises four properties, including large mixed-use buildings in the metropolitan area for which we led development. As the main sponsor of the private-placement REIT, we aim to increase its assets to ¥100 billion in three years and ¥200 billion in five years by continuing to make maximum use of our property-supply capabilities and management competence.

Regarding private fund businesses, as an addition to an existing office building fund, retail facility fund, and rental housing fund, we jointly established a large-scale logistics facilities fund with Kokyo Tatemono Co., Ltd., and companies of its corporate group in February 2014. We aim to supply the logistics facilities fund with properties and build up its assets to ¥100 billion as we enter the logistics real estate business field in earnest through such initiatives as the development of logistics facilities with advanced capabilities.

In our real estate non-asset businesses, our goal is to grow assets under management from their current level of approximately ¥200 billion, to ¥400 billion in fiscal 2019.

Mineral Resources, Energy, Chemical &

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

Main Fields

- Mineral Resources & Energy
- Chemical & Electronics

Organization

- Planning & Administration Dept., Mineral Resources, Energy, Chemical & Electronics Business Unit
- Project Management Dept. for Mining & E&P
- Mineral Resources Division No. 1
- Mineral Resources Division No. 2
- Energy Division
- Basic Chemicals & Electronics Division
- Life Science Division

Message from the General Manager

"What We Aim to Be"

We will construct a high-quality portfolio in upstream mineral resources and energy to realize stable supplies for customers. At the same time, we will provide distinctive services in our midstream and downstream businesses.

Growth Strategies for Becoming What We Aim to Be

In upstream businesses, our goal is to build a high-quality portfolio that, from a long-term viewpoint, is highly competitive and diversifies risk effectively by accumulating capabilities that will become strengths, stimulating the metabolism of our business portfolio, and steadily realizing profitability in projects in which we have invested. In midstream and downstream businesses, we aim to realize high-value-added, differentiated businesses and trading. To this end, we will achieve superior capabilities by exploiting our customer base, expertise, and abundant knowledge and experience in relation to the management of operating companies that we have developed in regions worldwide.

Q Please give us a review of BBBO2014.

A We recognized significant losses in upstream resource equity interests due to reasons that included falling market prices.

In the mineral resources and energy field, falling prices led to challenging business conditions. However, we increased competitiveness by reducing costs. As for the chemical and electronics field, we expanded the geographical coverage of our global crop protection businesses, built agricultural value chains that include fertilizer businesses, and expanded cosmetics businesses.

Fiscal 2014 Results

Loss for the year was ¥191.0 billion, a decline of ¥214.7 billion compared with the previous fiscal year's profit for the year. We incurred impairment losses of ¥227.8 billion in a tight oil development project in the United States, an iron ore mining project in Brazil, coal mining projects in Australia, a shale gas project in the United States, and North Sea oil field interests. However, our nickel project in Madagascar achieved the 90% operating rate required for its financial completion. In the chemical and electronics field, businesses generally performed stably.

Q Please tell us about the measures you are taking in BBBO2017.

A In upstream resources and energy businesses, we will enhance the quality of our portfolio.

Over the medium term, we expect demand for resources and energy to strengthen as the world's population rises and emerging countries drive

A rendering of the completed Cove Point LNG base in the United States (provided by Dominion Cove Point LNG, LP)

Electronics Business Unit

Performance Highlights

(Billions of yen)

	FY2013	FY2014	FY2015 Forecast
Gross profit	82.9	86.9	90.0
Operating profit (loss)	(11.4)	(170.3)	–
Share of profit of investments accounted for using the equity method	36.9	(53.8)	–
Profit (loss) for the year (attributable to owners of the parent)	23.6	(191.0)	26.0
Basic profit (loss)	43.2	(42.0)	–
Total assets	1,748.1	1,682.7	–

economic growth. Further, changing lifestyles in emerging countries are likely to increase demand for food qualitatively and quantitatively. However, concerns over the effects of global warming and the accompanying climate change will have on worldwide agricultural production is creating a need for enhanced agricultural productivity.

In upstream resources and energy businesses, our basic policy is to replace existing assets with new investments, with a view to heightening the portfolio quality that we had under BBBO2014. Also, we will reduce risk exposure through the early completion of the Ambatovy nickel project in Madagascar and the Sierra Gorda copper and molybdenum mine project in Chile, and we plan to continuously reduce costs and improve the profitability of existing businesses. In midstream and downstream businesses, we aim to expand the earnings base of businesses related to crop protection products so that they become a future pillar of earnings, and we are focusing our efforts on building global sales networks for crop protection products and expanding multifaceted support businesses, which handle agricultural materials. We are also working to strengthen energy trading businesses, such as LNG businesses, and bolster the foundations of electronics manufacturing services (EMS) businesses for automobiles in the United States as well as developing phenol businesses and other petrochemicals businesses in China.

Q Could you please explain about CSR initiatives that you pursue through business activities?

A With contributing to stable food supplies and environment-friendly agriculture as our guiding vision, we are expanding crop protection product businesses in the global market.

As food demand increases due to the growth of emerging countries' economies and populations, ensuring stable, safe food supplies has become a worldwide issue. Aiming to help solve this issue, we are focusing efforts on providing leading-edge, environment-friendly crop protection products and increasing sales of products created through pheromone-based technology, microbial crop protection products, and other products. In particular, products created through pheromone-based technology are becoming highly valued as a pest control option that does not affect beneficial insects, soil, or water quality because they use insect sex pheromones to obstruct the breeding of harmful insects, preventing their reproduction. Through a crop protection product sales network spanning more than 30 countries worldwide, we will protect food for future generations.

Usage of products for which pheromone-based technology has been applied

Mineral Resources, Energy, Chemical & Electronics Business Unit

Summary of Main Fields

Mineral Resources & Energy Field

"What We Aim to Be"
We aim to contribute to stable supplies of mineral resources and energy through investment in upstream equity interests and trading.

Business Conditions
At present, resource prices remain low due to the decelerating economic growth of China and other emerging countries. Over the medium-to-long term, however, sustained economic growth is likely to increase demand for mineral resources and energy because various industries in Japan and overseas make extensive use of oil, gas, and mineral resources, including iron and base metals (copper, lead, and zinc), rare metals (nickel and cobalt), and precious metals (gold, silver, and platinum).

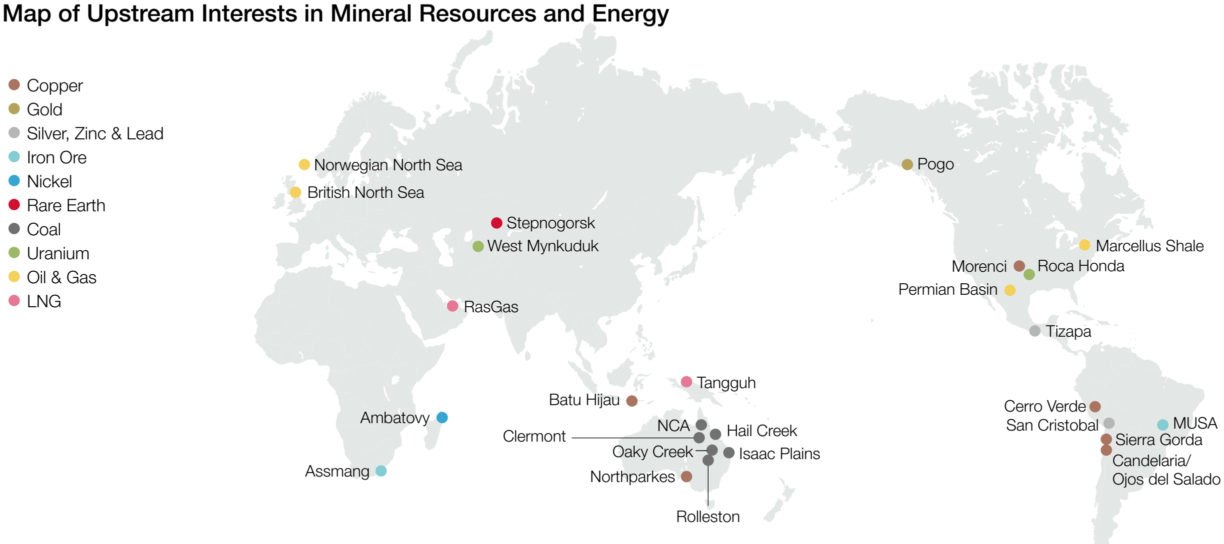
Strengths and Strategies
The strengths of Sumitomo Corporation in upstream resources businesses are its high-quality mines and equity interests; the experience acquired through the operation of a wholly owned silver, zinc, and lead mine, the San Cristobal mine in Bolivia; and long-term, stable relationships with global customers and partners. We will leverage these strengths to build a durable, competitive portfolio that can contribute to earnings significantly over the medium-to-long term.

Regarding midstream and downstream businesses, we intend to take advantage of our expertise and relationships with customers and partners in the energy market to entrench such existing projects as the Cove Point LNG export project in the United States and to pursue new trading transactions boldly.

Current Initiatives
The Batu Hijau copper mine project in Indonesia stopped exports and production due to the Indonesian government's enactment of new mining legislation, resulting in a significant decrease in earnings in fiscal 2014. However, the project resumed production and exports in September 2014 and is expected to contribute to earnings throughout fiscal 2015. As for coal businesses in Australia, we completed the acquisition of the Clermont mine, for which we concluded a basic agreement in fiscal 2013. Meanwhile, our iron ore business in Brazil completed the first phase of an expansion project, which has entered the ramping-up stage. We will decide on when to begin a second-phase extension project in light of a careful analysis of market conditions. In crude oil and gas businesses, we integrated the respective LPG wholesale businesses of Cosmo Oil Co., Ltd., Showa Shell Sekiyu K.K., and TonenGeneral Sekiyu K.K. to establish Gyxis Corporation. This company's mission is to provide stable supplies of LPG and build one of Japan's leading LPG networks. Further, the Cove Point LNG project in the United States, in which we participate, aims to liquefy natural gas produced in the United States and begin exporting it to Japan from 2017. Also, we will heighten the value of the San Cristobal silver, zinc, and lead mine by reducing costs and increasing efficiency further.

P.56 Ambatovy Nickel Project
P.57 Sierra Gorda Copper and Molybdenum Mine Project

Map of Upstream Interests in Mineral Resources and Energy



Chemical & Electronics Field

"What We Aim to Be"
We aim to provide growth industries with differentiated services and raw materials that promise high earnings.

Business Conditions

As the increasing populations and economic development of emerging countries boost demand for food, a rising need for crop protection products and fertilizers that heighten the quality and yield of agricultural produce is probable. Further, business conditions are changing dramatically in the basic chemicals area, particularly in the petrochemicals field, and we need to respond accordingly.

Strengths and Strategies

In the agricultural field, we have a network of global customers, strong relationships with manufacturers and suppliers, and a crop protection products sales network that spans 30 countries. We enjoy a well-established presence in the crop protection products industry thanks to in-depth specialist knowledge about crop protection products businesses and a wide-ranging ability to offer solutions.

In addition, we have benefited from a trading relationship with one of Spain's major petrochemicals companies, CEPSA Química S.A., for approximately 25 years, and we participate in its petrochemicals manufacturing businesses in China.

Current Initiatives

In May 2015, we took a 65% stake in Agro Amazonia Produtos Agropecuarios S.A. a distributor of farm and livestock supplies, such as crop protection products, seeds, and fertilizers, in Brazil's largest granary, the state of Mato Grosso. Also, Sumitomo Corporation acquired a 25% equity interest in CEPSA Química China S.A., in which CEPSA Química has a stake. Going forward, we will manufacture and sell phenol and acetone, which are raw materials for plastic used in automotive and electronic components.

CEPSA Química China S.A.'s phenol plant in Shanghai

Project Overview

Advancement of Cosmetic Ingredients Business through Global Capabilities

Sample formula developed with Cosmotec in Brazil

Our acquisition of a U.S. cosmetic ingredients formulator, Presperse Corporation, as a wholly owned subsidiary in 2010 marked our full-fledged entry into the cosmetic ingredients related business field. Cosmetic ingredients formulators are specialized companies with expertise in how to choose and blend cosmetic ingredients and supply such ingredients to cosmetic manufacturers. Moreover, they develop and offer formulas as a way of promoting the sale of these ingredients. Counting such major cosmetic manufacturers as Estée Lauder, L'Oréal, Avon, and P&G among its mainstay customers, Presperse has provided services to about 300 cosmetic manufacturers.

In 2014, the global market for cosmetics, including skin care and hair care products, accounted for retail sales of about US$460 billion. This is a promising market that is expected to grow 3% or 4% per year. The largest market for cosmetics is the United States, followed by Brazil and Japan. Other important markets are Europe and China. In particular, Brazil's market is buoyant and is expected to surpass the U.S. market in 2016.

Aiming to build networks in major markets around the world, in 2013 Sumitomo Corporation agreed to invest capital in Cosmotec International Especialidades Cosmeticas Ltda. of Brazil to establish a formulator business. Further, in 2015 we entered the European market by assuming a business from Kyowa Hakko Europe GmbH that markets cosmetic ingredients mainly in Germany and its surrounding countries. Together with existing cosmetic ingredients businesses in Japan and China, the abovementioned businesses give us coverage of the major markets. In the future, we will explore the possibility of initiatives in Southeast Asia and Russia, as we develop businesses in this field globally.

Mineral Resources, Energy, Chemical & Electronics Business Unit

Mineral Resources & Energy Field

Progress of Large-Scale Development Projects

The Ambatovy nickel plant in Madagascar

Ambatovy Nickel Project

Madagascar

We aim to stabilize operations as soon as possible and enhance profitability.

Stainless steel made from nickel has a wide range of applications, from consumer electronics through to construction, automobiles, and industrial equipment. Consequently, worldwide demand for nickel is trending upward. With this growing demand in mind, in 2005 Sumitomo Corporation participated in a project in Madagascar tasked with establishing nickel operations that integrate processes from production through to smelting. When operating at full capacity, the project produces 60,000 tons of nickel per year on average, making it one of the largest projects of its kind in the world.

The project began commercial production in January 2014. Furthermore, in March 2015 it passed a production test that was one of the key financing-related criterion for completing the project: achieving a 90% average operating rate for 90 out of 100 consecutive days. Until now, we have deployed personnel and other management resources to this project and given first priority to starting it up. Aiming to realize the new task of moving into a phase of full production and stable operations, we are currently working in close collaboration with personnel in frontline operations.

Project Summary

Total project cost:	US$7.2 billion
Annual average production at full capacity:	Nickel: 60,000 tons; Cobalt: 6,000 tons
Shareholders:	Sherritt International Corporation: 40%; Sumitomo Corporation: 27.5%; Korea Resources Corporation (KORES): 27.5%; SNC-Lavalin Group Inc.: 5%
Commencement of Sumitomo Corporation's participation:	2005
Sumitomo Corporation's exposure:	Approx. US$2.7 billion (As of May 2015; Including completion guarantee)

Sierra Gorda mining area in Chile

Sierra Gorda Copper and Molybdenum Mine Project

Chile

We are working to realize full production capacity by the end of 2015.

With its partners, Sumitomo Corporation is advancing a project to produce copper concentrate and molybdenum concentrate in Chile. The project's advantages include nearby transport infrastructure, such as arterial highways, railways, and ports, and a location 1,700 meters above sea level, which is relatively low for mines in Chile.

Plant construction costs were higher than originally anticipated due to steep rises in material, equipment, and personnel costs. Nevertheless, production started up in 2014, and we are working to realize full production capacity by the end of 2015.

Moreover, we will conduct a detailed survey aiming to begin construction for an extension project in 2016.

Project Summary

Development investment:	US$4.2 billion
Annual average production:	Copper concentrate: 730,000 tons; Molybdenum concentrate: 22,000 tons
Shareholders:	KGHM Polska Miedź S.A.: 55%; Sumitomo Metal Mining Co., Ltd.: 31.5%; Sumitomo Corporation: 13.5%
Commencement of Sumitomo Corporation's participation:	2011
Sumitomo Corporation's exposure:	Approx. US$1.0 billion (As of May 2015; Including completion guarantee of US$300 million)

Corporate Governance

Human Resource Management

CSR

Corporate Governance System

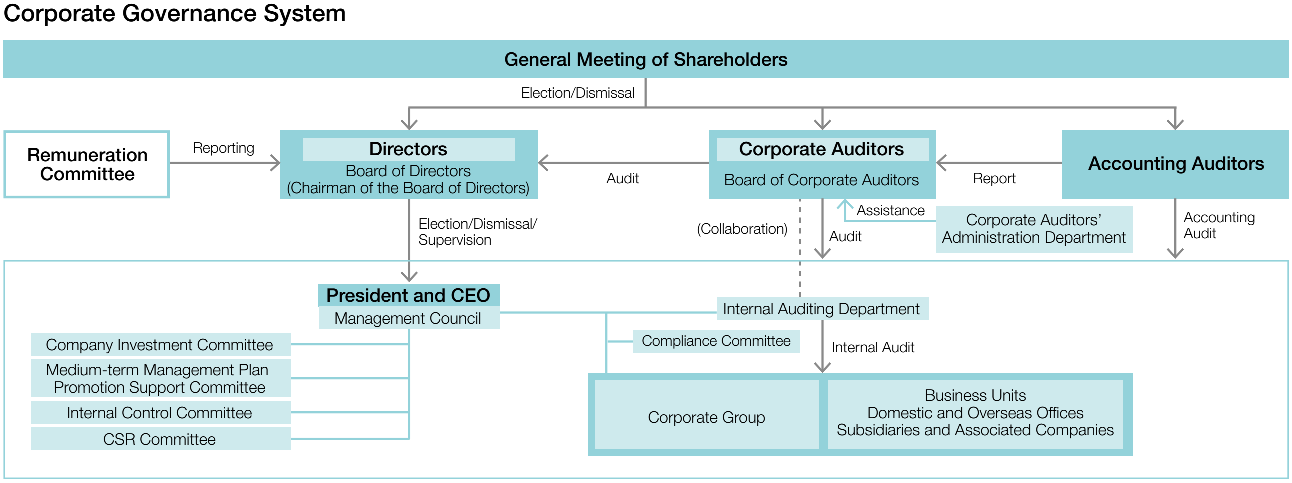
We have established the Sumitomo Corporation Corporate Governance Principles, based on our view that the essence of corporate governance is "improving management efficiency" and "maintaining sound management" as well as "ensuring management transparency" to secure the first two goals. Keeping in mind that our backbone of corporate ethics is in the Sumitomo's business philosophy and the Company's Management Principles, following the Sumitomo Corporation Corporate Governance Principles, we are strengthening our corporate governance to establish the most appropriate managerial system and to realize management that serves the interests of shareholders and all other stakeholders.

Our approach to corporate governance is embodied in the Sumitomo Corporation Corporate Governance Principles, which can be accessed from the following web page.
http://www.sumitomocorp.co.jp/files/user/english/doc/company/governance/e_principle150701.pdf

Features of Our Corporate Governance System

We have adopted a corporate auditor system believing that it is the most legitimate means of improving the effectiveness of our corporate governance to enhance and reinforce it through auditing from diversified external viewpoints. We have five Corporate Auditors, three of whom are Outside Corporate Auditors. Of these three, two are legal experts (a former President of the Tokyo High Court and a former Prosecutor-General) and the other one is an accounting expert—ensuring an auditing system that incorporates a diversity of perspectives. Furthermore, three Outside Directors, who are diverse in experience and specialty, are elected so that through their diverse perspectives, Outside Directors help ensure appropriate decision making in board meetings and further enhancement of supervisory function. We believe that we can achieve the ultimate goals of corporate governance by reinforcing management oversight by independent Outside Directors and Outside Corporate Auditors. Based on Sumitomo's business philosophy, we have established the Sumitomo Corporation Group's Management Principles and Activity Guidelines, and work to enforce these principles and guidelines among all officers and employees, in order to share the basic values that must be respected by the Sumitomo Corporation Group, including compliance with laws and regulations. From the perspective of maintaining sound management, we have developed a system for ensuring compliance with laws and regulations by introducing the position of Chief Compliance Officer, establishing the Compliance Committee and introducing a "Speak-Up System" for internal reporting, among other measures. Moreover, as part of our medium-term management plan "Be the Best, Be the One 2017" (BBBO 2017), we plan to revise governance and decision-making processes, with the objective of sustained growth and contribution to all our stakeholders going forward. More specifically, from July 2015 the Management Council will represent the highest executive-level body for decision making, and we are engaged in the implementation of policies to strengthen the monitoring functions of the Board of Directors. In this way, we are actively engaged in continuous efforts to improve our corporate governance, and, going forward, we will continue to conduct our operations with careful adherence to all the principles enshrined in Japan's Corporate Governance Code.

Corporate Governance System



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

Directors and the Board of Directors

Improvement of Deliberation and Enhancement of Monitoring Function at the Board of Directors

We have amended the standards related to the Board of Directors on July 1, 2015, so that the Board of Directors can be concentrated in the deliberation of important matters regarding Companywide management such as the business policy and management plan. At the same time, we have increased the submitting matters to the Board of Directors to make it possible for the Board of Directors to concentrate on monitoring of execution of operation, so that the Board of Directors can enhance its monitoring function.

Optimal Size of Board of Directors

Currently, the Board has 13 members (including three Outside Directors). Through this optimized Board of Directors, which oversees the operations of the business and serves as the Company's decision making body concerning key management matters, we aim to facilitate due deliberation and speedy and reasonable decision making.

Terms of Directors

The terms of Directors are one year. We aim to clarify the responsibility of management among members of management each fiscal year. This, in turn, helps ensure fast reaction times to changes in business conditions.

Limits on Terms of the Chairman of the Board of Directors and the President and CEO

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

Establishment of the Advisory Body to the Board of Directors

With the aim of enhancing the transparency and objectivity of decision-making processes with regard to the remuneration of Directors and Executive Officers, we established the Remuneration Committee. Functioning as an advisory body to the Board of Directors, more than half of the Committee members are from outside the Company. The Remuneration Committee is in charge of studying remuneration and bonuses of Directors and Executive Officers, and reports the results of its studies to the Board of Directors.

Election of Outside Directors

For the purpose of ensuring appropriate decision making in board meetings and further enhancement of supervisory functions through diverse perspectives, three Outside Directors are elected. They fulfill the standards related to independence set by the Tokyo Stock Exchange, Inc. and other financial instruments exchanges that Sumitomo Corporation is listed on, and Sumitomo Corporation has notified the exchanges, under their respective provisions, of their respective status as independent directors.

Particulars Regarding the Remuneration of the Company's Directors

Particulars regarding the remuneration of the Company's Directors and Corporate Auditors for fiscal 2014 are as follows:

Classification	Number of payees	Total amount of remuneration, etc., pertaining to fiscal 2014	Breakdown	
			Monthly remuneration	New Share Acquisition Rights
Directors (particulars relating to Outside Directors)	13 persons (2 persons)	¥827 million (¥28 million)	¥729 million (¥28 million)	¥98 million (—)
Corporate Auditors (particulars relating to Outside Corporate Auditors)	6 persons (3 persons)	¥127 million (¥40 million)	¥127 million (¥40 million)	— (—)

Notes: 1. As of the end of the fiscal 2014, we had 12 Directors and 5 Corporate Auditors (including 2 Outside Directors and 3 Outside Corporate Auditors).
2. No Director of the Company is concurrently an employee of the Company.
3. The above stock options are the total amounts recorded as expenses in fiscal 2014 for granting the Thirteenth New Share Acquisition Rights (issued on August 1, 2014), the Eighth New Share Acquisition Rights (stock-linked compensation) (issued on July 31, 2013) and the Ninth New Share Acquisition Rights (stock-linked compensation) (issued on August 1, 2014).
4. The maximum amount of remuneration to Directors comprising monthly remuneration, new share acquisition rights in the form of stock options, and new share acquisition rights in the form of stock options for a stock-linked compensation plan is ¥1.2 billion per year (the maximum amount of remuneration to Outside Directors is ¥60 million per year), as resolved at the 145th Ordinary General Meeting of Shareholders held on June 21, 2013.
5. The maximum amount of monthly remuneration to Corporate Auditors is ¥180 million per year, as resolved at the 145th Ordinary General Meeting of Shareholders held on June 21, 2013.

Corporate Governance System

The reason for selection and brief outline of the careers of the Outside Directors are as follows:

Akio Harada

Reason for selection

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

Brief outline of career

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

Kazuo Matsunaga

Reason for selection

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

Brief outline of career

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

Yayoi Tanaka

Reason for selection

Yayoi Tanaka is deemed to be qualified for the role of Outside Director because she has long been engaged in research in the fields of evaluation studies and civil society organizational theory, has held a number of positions on government committees, including the Administrative Reform Promotion Council (private-sector member), and has accumulated highly specialized knowledge and extensive experience through these roles and on the grounds of her character and insight, was therefore elected to the post.

Brief outline of career

January	2007	Member, Fiscal System Council, Ministry of Finance (present position)
February	2013	Private sector member, Administrative Reform Promotion Council, Cabinet Secretariat (present position)
April	2013	Professor, Research Department, National Institution for Academic Degrees and University Evaluation (present position)
June	2015	Outside Director, Sumitomo Corporation (present position)

Corporate Auditors and the Board of Corporate Auditors

Enhancement of Corporate Auditing Framework

To further strengthen external views within the corporate auditing framework, we have brought the number of external auditors to three out of the five members on the Board of Corporate Auditors. Of these three, two are legal experts (a former President of the Tokyo High Court and a former Prosecutor-General) and one is an accounting expert—ensuring an auditing system that incorporates a diversity of perspectives. Also, they fulfill the standards related to independence set by the Tokyo Stock Exchange, Inc. and other financial instruments exchanges that Sumitomo Corporation is listed on, and Sumitomo Corporation has notified the exchanges, under their respective provisions, of their respective status as independent auditor.

Ensuring Audit Effectiveness

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

The reason for selection and brief outline of the careers of the Outside Corporate Auditors are as follows:

Tsuguoki Fujinuma

Reason for selection

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

Brief outline of career

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

Mutsuo Nitta

Reason for selection

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

Brief outline of career

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

Haruo Kasama

Reason for selection

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

Brief outline of career

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

Message from an Outside Director

Yayoi Tanaka
Outside Director

I have previously been engaged in various duties at commercial corporations and NPOs. As an outside director, I hope to leverage the diverse perspectives I have nurtured through these experiences to contribute significantly to management at Sumitomo Corporation ("the Company") in two areas.

First, I would like to address the issue of support for future female leaders. Respect for diversity is becoming more widespread in society. However, when I first began working there were few opportunities for women to demonstrate their skills in the workplace, and while engaged in my duties, I experienced a strong desire to work in an environment in which women could play an active role in business. By leveraging the experience I have accumulated, I intend to support the development of future female leaders at the Company, and I consider this objective to be one of my key roles here.

Second, I recognize the application of my experience in evaluation at the private NPOs or the governmental institutions to management at the Company to be another important role that is expected of me. At NPOs and governmental institutions, I was engaged in the support of activities that were assessed based on their impact on society, and I believe the same method of evaluation is important at commercial corporations. How we interact as a member of society, and the type of social ethos we choose to adopt are, in corporate management, issues that will continue to gather weight.

From this perspective, I feel that Sumitomo Corporation is already a corporation with a strong social ethos. I understand that "integrity" is the most important factor in the implementation of its business activities and, to cultivate this integrity, the way we conduct ourselves as a member of society is key. The strength of the Company is its tradition based on the philosophy that "benefit for self and others, private and public interests are one and the same." In other words, Sumitomo Corporation not only aspires to grow as a corporation but is also mindful of the development of regional societies and countries, and it endeavors to expand while taking into consideration its social ethos. By exchanging opinions about the strengths brought about by our social ethos with employees at the forefront of our business, I hope to contribute to the further development of these strengths.

<u>Collaboration between Internal Auditing Department and Accounting Auditors</u>
To ensure audit efficiency, Corporate Auditors interact closely with the Internal Auditing Department, receiving reports on internal audit plans and their results in a timely manner.

In addition, Corporate Auditors exchange information with and monitor the auditing activities of the Accounting Auditors through regular meetings. By attending audit review meetings and observing inventory audits with the Accounting Auditors, the Corporate Auditors constantly work to improve audit efficiency and quality. Furthermore, Corporate Auditors attend meetings of the Internal Control Committee and request reports on the status of internal control systems from other departments responsible for internal control, along with their cooperation on audits.

<u>Standards for Independence</u>
Standards for independence of outside directors and outside corporate auditors shall be prescribed in the Company's internal rules Standards for Appointment and Independence of Outside Directors and Outside Corporate Auditors.

<u>Management Council</u>
On July 2015, we reorganized the Management Council, which had been positioned as an advisory body to the President and CEO, to become the highest executive-level decision-making body, in order to make decisions through diverse opinions and multilateral discussions to a greater extent than before. The Management Council deliberates on and renders decisions regarding specific key matters related to management within the scope of its mandate from the Board of Directors.

Corporate Governance System

Introduction of an Executive Officer System

We have introduced an executive officer system with the aim of clarifying the responsibilities and authority for execution and strengthening the monitoring function of the Board of Directors. We currently have 36 Executive Officers selected by the Board of Directors (as of August 1, 2015), 9 of who also fulfill the role of company directors, and comprise the President and CEO, 3 Corporate Group Directors, and 5 Business Unit General Managers. In this way, we have established a management system under which we can effectively execute operations based on the decisions made at Board of Directors meetings.

System for Ensuring Management Transparency

Basic Policy on Information Disclosure

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

Communicating with Shareholders and Other Investors

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

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

Disclosing Various Information

Our corporate website provides various materials that may be useful in making investment decisions in a timely manner. These materials include financial results, *yukashoken houkokusho* (Japanese annual securities reports) and other Tokyo Stock Exchange filings as well as the streaming of various meetings and the uploading of documents related to them. We also provide broad coverage of the Companywide topics through special features, which introduce the Company's globally expanding projects. Moreover, we provide our *Annual Report* and endeavor to ensure proactive disclosure.

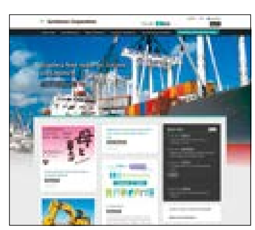
Investor Relations

In order to ensure direct communication with shareholders and other investors and, in addition to our efforts to enhance information disclosure on our website, we also hold quarterly meetings attended by top management to provide information on our financial results for analysts and institutional investors in Japan. For our investors overseas, we periodically visit the United States, the United Kingdom, and other countries in Europe and Asia to hold one-on-one meetings with investors in each region. Moreover, since fiscal 2004, we have held regular meetings with individual investors in Japan. In March 2014, we held five such meetings in four cities, which were attended by a total of 1,100 individual investors.

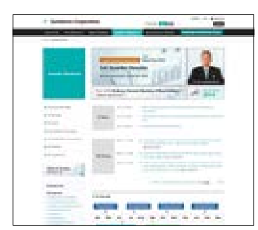
Through such initiatives, designated executive officers are united to engage in dialogue with shareholders and other investors, and related business units within the Company come together to share information, while collecting the opinions of shareholders and other investors. Going forward, the Company will remain committed to improving managerial transparency, while strengthening relationships of trust with shareholders and other investors.

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

Website



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



Investor Relations
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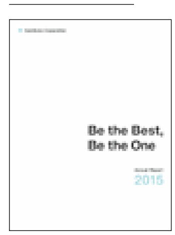
Publications



Annual Report

Internal Control and Internal Audits

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

Internal Control

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

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

Furthermore, we have defined specific internal controls, which have been extracted through an analysis of past cases of deficiencies in internal controls, etc., as important points that must be strengthened thoroughly on a Companywide level.

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

Initiatives for Enhancing the Quality of Operations

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

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

To comply with the internal control reporting rules stipulated in the Financial Instruments and Exchange Law, effective from April 1, 2008, we evaluate our internal controls as required by law, and we improve business processes as well.

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

Internal Audits

The Internal Auditing Department, which reports directly to the President and CEO, was established as an independent organization to monitor the operations of the Company and its Group companies. All the internal audit results are reported directly to the President and CEO and also to the Board of Directors.

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

Compliance

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

Policies and the Reporting Structure of Corporate Compliance

It is our policy that both officers and employees should never risk transgressions in pursuit of profit for the Company. In order to promote compliance, Sumitomo Corporation has introduced the position of Chief Compliance Officer and has also established the Compliance Committee, who together continue to strive to prevent compliance violations from occurring. The Company's Compliance Manual was prepared to contribute to such purpose and is personally possessed by each and every officer and employee in the Company. The Compliance Manual adopts 19 Compliance Guiding Principles (listed below for reference) to cover key areas and uphold the Company's requirement that: "If there is even a trace of doubt, do not do it." If a potential compliance problem is detected, we continuously encourage our employees to report it to their supervisors or the relevant departments immediately, so that the best countermeasures can be implemented swiftly.

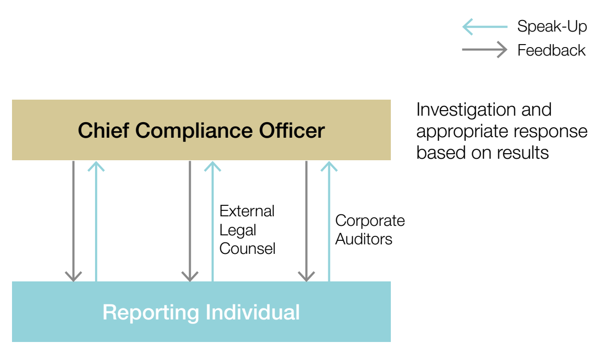
Compliance Training and Education

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

Speak-Up System

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

Speak-Up System Diagram



Guiding Principles

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

* Based on the Universal Declaration of Human Rights

Risk Management

To cope effectively with the diversifying risk environment, Sumitomo Corporation has built a framework for micro-management, with the objective of “minimizing losses from individual transactions,” and for macro-management, with the objective of “maximizing corporate value.” The frameworks support the efficient management of our corporate resources and are strongly linked to the management plan. Going forward and, on calculating impairment losses for fiscal 2014, we intend to thoroughly revise and strengthen risk management.

Purpose of Risk Management

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

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

Risk Management Basic Policy

We classify our risks into two categories: Quantifiable risk and Non-quantifiable risk. Quantifiable risk is defined as “value creating risk,” which we proactively take to generate a return. Our policy is to maximize the Risk-adjusted Return while maintaining Risk-adjusted Assets within our buffer. Non-quantifiable risk is defined as “value breaking risk,” which only generates losses when it surfaces. We are engaged in efforts to prevent or minimize the probability of this risk materializing.

Risk Management Framework

Managing Quantifiable Risk

Managing Investment Risk

Once an investment is made, it can be difficult to make a withdrawal decision, and the loss encountered in this situation can be significant. To manage investment risk, we have established an integrated framework to manage risk, covering the entry process to the exit process, which we continue to refine.

For the entry process, we set a rigid hurdle rate to ensure that the returns expected on projects are enough to justify their risks. We have also revised our investment evaluation method and adjust the hurdle rate accordingly to more accurately reflect the risk of each project.

Moreover, for the decision-making process, we have introduced a procedure to deliberate twice at investment targeting stages and at the investment decision-making stage. A wide range of discussions are held from an early stage to assess the feasibility of the project in accordance with head office strategies, the background and reason for its selection, and to weigh pros and cons. Furthermore, in addition to the pre-existing Company Investment Committee, we have newly established a Business Unit Investment Committee within our business units and, going forward, we endeavor to deepen our discussions by applying specific business knowledge.

Regarding the revision of our investment execution system, we have formed a Companywide Special Task Force, which is utilized when engaging in large-scale or highly significant projects. The team utilizes the diverse perspectives and knowledge of not only the business unit directly responsible for the project but also related internal business units and corporate groups, to assess projects from a Companywide perspective and concentrate all the resources we have available to us in weighing the pros and cons of a project.

Furthermore, particularly in the case of large-scale or highly significant projects, we conduct close examination of business operations and quickly begin to refine medium-term business plans and action plans in the short term following execution of the investment. In this way, we align with management of the investment to govern projects appropriately. If operating results fall below a predetermined level, the medium-term plan established through this process is reexamined. By monitoring performance on an annual basis we can respond timely to changes in the business environment by implementing appropriate countermeasures, and we endeavor to strengthen this process going forward.

Also, when the performance of an investment falls short of required standards after a certain period from its inception, we have an Exit Rule that designates such investment as an “Investment to withdraw from.”

Managing Credit Risks

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

Risk Management

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

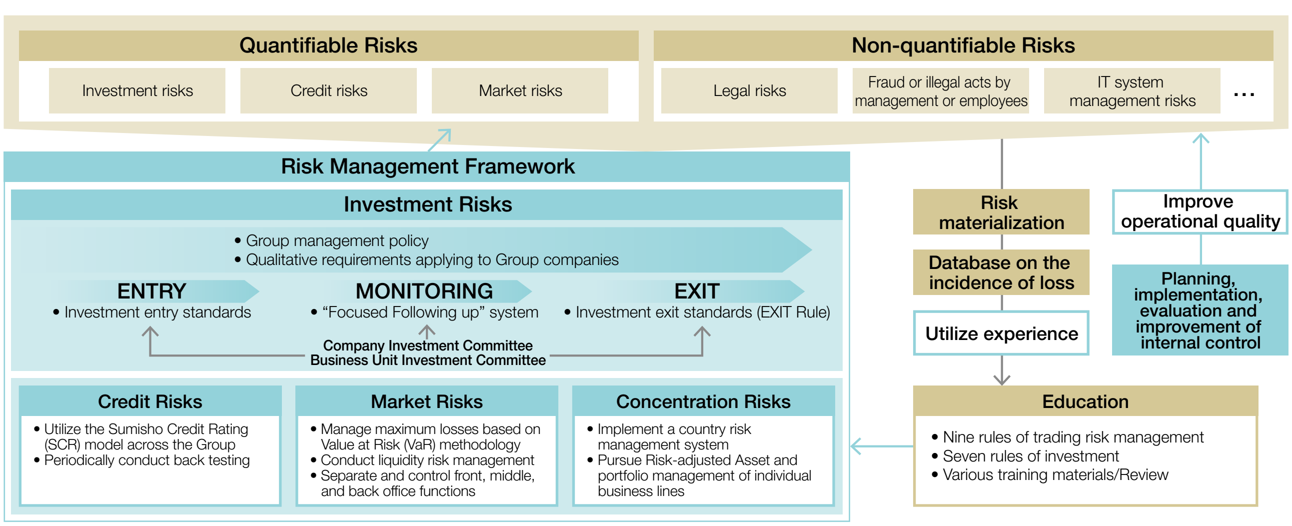
Managing Concentration Risks
As we are operating globally and engaging in a variety of business fields, we need to ensure that risks are not excessively concentrated in particular areas. In order to avoid overly concentrated exposure in certain countries and regions, we have in place a country risk management system. In addition, in order to avoid an excessive concentration of resources in any specific field and refine our business portfolio, we thoroughly discuss the amount of Risk-adjusted Assets distributed to each unit and business line in meetings such as the "Strategy Conference," which is held among the President and CEO and general managers of each unit, and the Company Investment Committee, which deliberates on important investment and financing. Furthermore, to manage the risk of our mineral resources and energy upstream portfolio, we have introduced a system to regularly monitor the portfolio as a whole and determine whether our operations are excessively exposed to any particular risk factors.

Managing Non-quantifiable Risks

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

Embedding the Sense of Risk Management

Although we have been constructing the best possible risk management framework to cope with diversified risks, we cannot completely prevent the incurrence of loss in the course of business activities only by the framework itself. We are putting our efforts into implementing the initiatives that enable us to quickly identify the occurrence of losses in order to suppress loss accumulation and prevent the contagion effects that lead to secondary losses. These initiatives include devising ways to quickly identify the cause of losses and share such information among top management and related departments. We have compiled a database of such loss information



that allows for the systematic analysis of the causes of loss-incurring events. These analyses are used as training materials for employees as part of various educational programs. Through this knowledge feedback process, individual employees can upgrade their risk management capabilities, supporting the prevention of the same kind of loss events.

Eyeing the Future of Risk Management

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

Information Security Control Structure

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

Risk-adjusted Return Management

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

Background to the Introduction of the Risk-adjusted Return Ratio

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

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

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

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

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

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

Basics of Risk-adjusted Return Management

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

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

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

Human Resource Management

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

Human Resource Management Policy

■ Aiming to "Be the Best, Be the One"

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

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

Under the medium-term management plan "Be the Best, Be the One 2017," to strengthen individual ability on a global basis, we will revise the Human Resource System and enhance personnel development programs. In addition, we will promote the appropriate allocation of human resources in line with the medium-to-long-term strategy.

Vision of the Human Resources We Seek

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

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

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

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

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

SC VALUES

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

Human Resource Management Initiatives

■ Recruitment: Recruitment Policy With Respect for Basic Human Rights

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

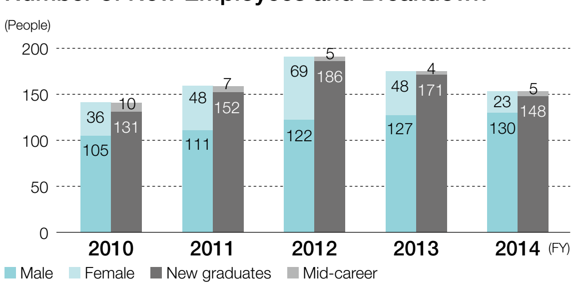
As a global business operator, we look for talented people who are able and eager to work in the global business arena. To this end, we conduct fair recruitment activities with respect for basic human rights and without discrimination. Specifically, we apply the same screening process to all employee candidates, irrespective of their gender, academic background, or nationality, and our selection criteria consist only of applicants' aptitudes and abilities.

In addition to new graduates, we recruit mid-career employees on an ongoing basis, since attracting talented people who can deliver results from day one forms part of our human resource strategy.

Also, through the establishment of Sumisho Well Support Co., Ltd., in 2014 as our special subsidiary company, we have welcomed many employees with disabilities. As of April 1, 2015, employees with disabilities represented 2.25% of our workforce, a higher percentage than the statutorily required level of 2.00%.

* Total ratio of Sumitomo Corporation and Sumisho Well Support Co., Ltd.

Number of New Employees and Breakdown



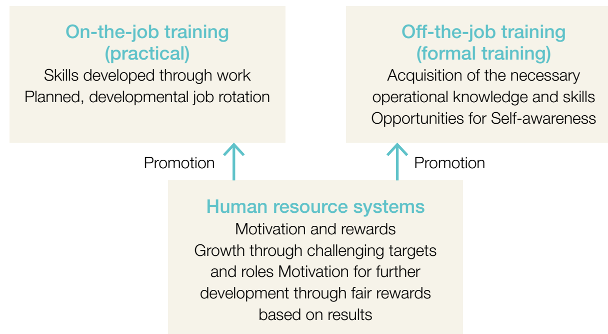
* Total number of new graduates and mid-career employees for key career track positions and clerical positions

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

Strategic and Well-planned Human Resource Development

At Sumitomo Corporation, human resources are developed using a combination of on- and off-the-job training to achieve the characteristics of the "Human Resources We Seek." These two approaches are promoted under human resource systems. With the revision of the Human Resource System in 2016, promotion to the managerial level will be made earlier than under the current system, a move that aims to enhance employees' awareness as managers at an earlier stage of their career and help them display their leadership qualities.

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



Companywide Guidelines on Job Rotations

At Sumitomo Corporation, Companywide guidelines on job rotations for younger staff members have been introduced, calling for employees to carry out three different job assignments during their first 10 years of employment, including one overseas assignment. This is to fulfill our vision of the "Human Resources We Seek" to realize what we aim to be in 2019, our centennial year.

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

Extension of the Human Resource Development Fund and Expansion in Number of Overseas Trainees' Sites

Sumitomo Corporation's Human Resource Development Fund, established in fiscal 2010, helps promote strategic and well-planned human resource development at each business unit and division through the financial support of a system for the overseas training of employees, including those who engage in language or studies in overseas locations, and those participating in the overseas executive training program.

The number of trainees dispatched overseas has been maintained around 100 annually, and the training areas and sites have been expanded to include emerging markets and Group companies. We aim to enhance "individual ability" by giving opportunities and placements to younger staff members through which they can consider, create, and execute business plans based on their new situation.

A program that makes use of the Human Resource Development Fund

Human Resource Management

Reorganization and Development of the Head Office's Diverse Training Systems

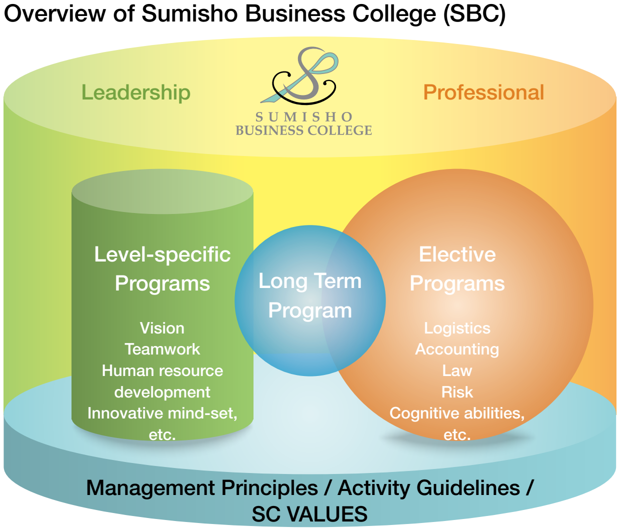
Sumisho Business College (SBC) offers about 300 programs per year that are designed to nurture the "Human Resources We Seek" to achieve our vision, with a focus on three areas: 1) Management Principles, Activity Guidelines, and SC VALUES, 2) Leadership, and 3) Professional. In fiscal 2013, 10,978 trainees attended the programs from Sumitomo Corporation alone.

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

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

We promote an active stance on reorganizing and developing the diverse training systems needed to offer employees new skills and knowledge to enhance their "individual ability" and accelerate personnel development.

Overview of Sumisho Business College (SBC)



■ Human Resource Development: Promoting Human Resource Development Measures Globally

Stratified Program for Locally Hired Employees Overseas

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

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

Enhancing Global Human Resource Strategies

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

Overseas Employees by Region (as of March 31, 2015)

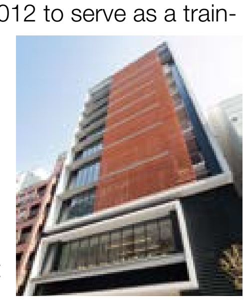
(People)

	Locally hired employees	Hired by Head Office	Total
East Asia	581	92	673
Asia & Oceania	874	164	1,038
Europe, Middle East, Africa & CIS	653	180	833
Americas	520	193	713
Total	2,628	629	3,257

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

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

We opened the Sumitomo Corporation Global HRD Center in Ginza, Chuo-ku, Tokyo, in April 2012 to serve as a training center to develop global talent and as a strategic multipurpose facility. The training center is fully utilized to promote our global human resource development and diverse human resource activities as well as to provide a multipurpose, versatile space used to assist Head Office functions. In this facility, colleagues from around the


Sumitomo Corporation Global HRD Center

world, irrespective of organization or country, meet for intensive discussions on the future visions and strategies of the Sumitomo Corporation Group. In fiscal 2014, the facility was used by a total of 8,144 people from throughout the Group.

■ Utilization of Human Resources: Promoting Diverse Human Resource Activity

Cultivating a Workplace Culture With Respect for Diversity

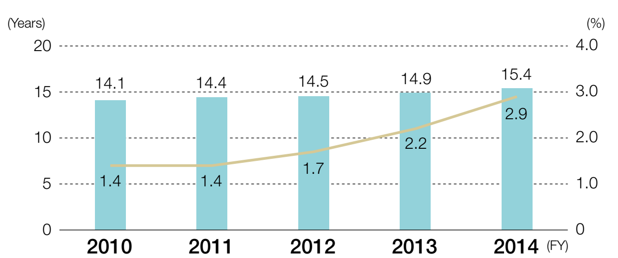
Sumitomo Corporation promotes respect for the diversity of human resources in its workplace culture so that diverse talent can capitalize on their different backgrounds to create new value and achievements in their respective fields, thus contributing to the sustainable growth of the Group.

Encouraging More Active Involvement of Female Employees in Business

Aware of the support required for achieving a satisfying work-life balance, Sumitomo Corporation has introduced programs to encourage employees to work vibrantly and positively following maternity and childcare leave in addition to the systems of support that exceed requirements under the Child Care and Family Care Leave Law and related laws. For example, Sumitomo Corporation established the Triton Sukusuku Square in-house daycare center in 2008 to provide childcare services for Sumitomo Corporation Group employees, distributed a handbook that supports the achievement of balancing a professional career and childcare, and introduced a program that supports employees who only take their children with them while working overseas. Sumitomo Corporation was granted Platinum "Kurumin" certification, which is a recognition system established under the revision of the Act on Advancement of Measures to Support Raising Next-Generation Children. In June 2015, Sumitomo Corporation was one of the first five companies in Tokyo providing superior childcare support to receive the certification.

Platinum *Kurumin* Mark

Ratio of Women in Managerial Roles and Years of Continuous Service



Years of continuous service for women (left) — Ratio of women in managerial roles (right)

* [Total Number of Women in Managerial Roles] FY2010: 2,792 FY2011: 2,730 FY2012: 2,665 FY2013: 2,627 FY2014: 2,620

Promoting Work-Life Balance Programs and Measures

Sumitomo Corporation believes workers who are fulfilled in both their professional and private lives find more energy and motivation, leading them to create new value. To this end, we organized a Companywide Work-Life Balance (WLB) Promotion Project Team. We also communicate actively with the employees' union, to which the majority of employees belong (55.9% as of March 31, 2015), to enable us to reflect employees' opinions as we formulate and implement measures.

Diversity in Working Styles

To respond to the diversified lifestyles and values of employees in addition to the needs of those working globally, more than 90% of the departments at Sumitomo Corporation have introduced flex-time programs and promote lively and flexible work arrangements to offer a higher quality of life and bring about efficient work practices.

Usage of Various Systems

(People)

System (FY)	2012	2013	2014
Spouse's maternity leave	76	80	86
Leave to look after a sick child	107	128	139
Childcare leave	25	24	41

(FY)	2012*	2013	2014
New graduate retention rate after three years with the Company	96.9%	96.1%	97.3%

* Percentage of new graduates who entered the Company in April 2010 and still belonged to the Company as of April 2013. The percentages for 2013 and 2014 were calculated in a similar manner.

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

Senior employees with abundant experience in their respective careers are chosen and designated as career advisors (CAs) for individual divisions to support employee career development.

These CAs have three major roles to play: they provide support and advice to subordinates and their managers and act as a bridge for communication between both sides. The CAs thus support the creation of a positive work environment in which employees can exercise their abilities and draw on their personality traits to the maximum extent.

Sumitomo Corporation established the SCG Counseling Center to promote mental healthcare for Group employees in 2005 so that they can better concentrate on their business. The staff at the center consults with employees on not only their business affairs or working environment but also family issues or trouble in their daily life. Visits to the center are completely anonymous.

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

Message from the Chair of the CSR Committee

CSR in the Sumitomo Corporation Group

Masao Tabuchi
Representative Director,
Managing Executive Officer,
Chief Strategy Officer

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

CSR in the Sumitomo Corporation Group

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

The Sumitomo Corporation Group regards CSR as working to achieve its corporate vision by staying true to the management style described in its Corporate Mission Statement, engaging in responsible corporate management, and working to fulfill its corporate mission. In other words, CSR is nothing other than putting our Corporate Mission Statement into practice, engaging in sound business activities, and having every member of the organization perform his or her daily duties with spirit and a strong sense of ethics.

Taken from a CSR viewpoint, for the Sumitomo Corporation Group to contribute to the development of a sustainable society and grow along with society, it must create and provide new social values through its business activities, which would in turn result in enhanced corporate value. Based on this belief, we develop an accurate understanding of social issues and identify new needs through dialogue with stakeholders. We then offer proposals to provide the solutions by bringing together the Group’s unique strengths and capabilities. Through these proposals, we work to improve the standard of living and contribute to the development of economies, industries, and societies in the communities and countries where we conduct business. These efforts subsequently help boost earnings and expand business activities based on foundations of trust. We feel the Sumitomo Corporation Group’s CSR should revolve around this virtuous cycle.

The Sumitomo Corporation Group has defined its medium-to-long-term vision as “What We Aim to Be in 2019, Our Centennial Year,” which describes one of its goals as the following: “We aim to be a corporate group that is recognized by society as meeting and exceeding the high expectations directed toward us, creating value that nobody else can match in ways befitting our distinctive identity.” This endeavor entails that we constantly act from a medium-to-long-term perspective with the Corporate Mission Statement at the forefront of our minds. With this mind-set, we are working to become the leader in each industry in terms of both quantitative and qualitative aspects and a corporate group that is truly trusted by all of its stakeholders. We aim to make our vision of “What We Aim to Be” a reality and to continue to grow stably for another 50 years, 100 years, and beyond. It is therefore crucial to discuss what we want to achieve through our business activities and how these goals can be accomplished, followed by formulating growth strategies to guide us in this pursuit. I hope that all members of the Sumitomo Corporation Group will be able to unite to push us forward on this path.

Initiatives of Promoting CSR

One key step we took to put CSR into practice over the past year was working to deepen employees’ understanding of our Corporate Mission Statement—the foundation of the Group’s CSR activities. We took opportunities to further entrench this statement globally.

The Group is active a diverse range of industrial fields in countries and regions across the globe, which necessitates that we practice CSR throughout the supply chain. Recognizing this duty, we took advantage of various activities to spread awareness within the organization of the Sumitomo Corporation Group CSR Action Guidelines for Supply Chain Management.

We also undertook efforts to raise our overall level of CSR promotion and advance CSR activities on Companywide basis. To this end, we began periodically holding meetings in which representatives from the Environment & CSR Department sit down with representatives from individual sales divisions and domestic and overseas regional organizations. Through these meetings, we have instituted self-assessments based on ISO 26000, a global standard for CSR, and shared information and opinions related to CSR.

The Sumitomo Corporation Group signed the UN Global Compact in March 2009, declaring its support for the 10 principles on human rights, labour standards, environment, and anti-corruption. Our goal in the future will be to promote CSR in a manner that is suited to a global organization, and we will adhere to these 10 principles, which share the same values as our Corporate Mission Statement, and pay reference to ISO 26000 in this pursuit.

Major CSR Promotion Activities

CSR Promotion Framework

Since establishing the Environment & CSR Department in April 2008, Sumitomo Corporation has aggressively advanced CSR activities in cooperation with relevant internal departments, domestic and overseas regional organizations, and Group companies. We have also established the CSR Committee as an advisory body to the Management Council. The committee's activities include examining and discussing the Company's CSR frameworks and promotion measures. In addition, we set up the Global Environment Committee within the CSR Committee to function as an advisory body to this committee by promoting environmental management activities based on the ISO 14001 standard and holding environmental seminars.

The CSR Committee is headed by the Chief Strategy Officer, and its members are General Managers from the Corporate Group and General Managers of Planning & Administration Departments of each business unit. At the most recent CSR Committee meeting, after reviewing the steps taken in fiscal 2014, the committee confirmed the issues needing to be addressed based on changes in the circumstances relating to CSR, and future response measures were discussed. Specifically, the committee discussed the following: 1) using ISO 26000 as a reference for measures to further raise the level of CSR promotion, 2) improving environmental management activities in consideration of the revision to ISO 14001, and 3) focusing on social contribution activities befitting our distinctive identity.

Management Council

CSR Committee

Chairperson: Chief Strategy Officer

Members (General Manager of each of the following Depts.):
Internal Auditing Dept., Corporate Planning & Coordination Dept.,
Global Strategy & Coordination Dept., Investor Relations Dept.,
Corporate Communications Dept., Environment & CSR Dept.,
Information Technologies Planning & Promotion Dept.,
Human Resources Dept., Employee Relations & Compensation Dept.,
Corporate Legal & General Affairs Dept., Legal Dept.,
General Accounting Dept., Risk Management Dept. No.1,
Planning & Administration Depts. of each business unit
(Metal Products Business Unit, Transportation & Construction Systems Business Unit, Environment & Infrastructure Business Unit, Media, Network, Lifestyle Related Goods & Services Business Unit, Mineral Resources, Energy, Chemical & Electronics Business Unit)

Secretariat: Environment & CSR Dept.

Global Environment Committee

Global Promotion of Understanding and Entrenchment of the Corporate Mission Statement

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

Training for locally hired employees

CSR Activities Based on ISO 26000

In recent years, society's expectations and demands for companies have been rising, and the degree of social responsibility requested has been growing ever higher. For this reason, the Sumitomo Corporation Group recognizes that it must further raise its level of CSR promotion. Based on this recognition, all sales departments and domestic and overseas regional organizations conducted a self-assessment based on ISO 26000, the CSR global standard, to identify the issues needing to be addressed. Going forward, we will designate priority issues based on conditions and characteristics of the countries, regions, and industries in which each organization conducts its business activities. We will then pursue improvements in relation to these issues by instituting a plan-do-check-act (PDCA) cycle.

Major CSR Promotion Activities

Initiatives for the United Nations Global Compact

In March 2009, the Sumitomo Corporation Group signed the UN Global Compact and declared its support for the 10 principles, as this international CSR-related initiative shares the same values as our Corporate Mission Statement. With our participation in the Global Compact, we committed ourselves to further increasing corporate value by constantly seeking out areas of our business activities that can be improved in light of the values advocated by the 10 principles.

Moreover, Sumitomo Corporation actively participates as a Board Member of the Global Compact Network Japan, a local Global Compact network. In fiscal 2014, we took part in study groups focused on the themes of human rights due diligence, environmental management, and reporting. Through this involvement, we acquired information on recent global trends in these areas, learned of examples of superior initiatives, and were provided insight from specialists. This knowledge was utilized to help the Company promote CSR.

THE GLOBAL COMPACT
Network Japan
WE SUPPORT

* Sumitomo Corporation also supports the Universal Declaration of Human Rights, from which the 10 principles of the UN Global Compact are derived.

CSR Initiatives for Supply Chain Management

The Sumitomo Corporation Group has established the CSR Action Guidelines for Supply Chain Management. Through the implementation of these guidelines, we are aiming to realize a sustainable society by working together with our suppliers and business partners to achieve responsible value chain management. The Company provides numerous opportunities to promote the understanding and entrenchment of these guidelines, including training for new employees and locally hired employees, meetings within business units and domestic and overseas regional organizations, and pre-departure briefings with employees being sent on overseas assignments.

The Sumitomo Corporation Group CSR Action Guidelines for Supply Chain Management

Established in November 2009
Revised in November 2013

The Sumitomo Corporation Group aims to be a global organization that, by constantly staying a step ahead in dealing with change, creating new value, and contributing broadly to society, strives to achieve prosperity and realize the dreams of all our stakeholders through sound business activities in strict adherence to our Corporate Mission Statement, and the management style principle contained therein, wherein prime importance is given to integrity and sound management with the utmost respect being paid to the individual.

In order to promote sustainability and social wellbeing in accordance with our mission, the Sumitomo Corporation Group hereby sets down these CSR Action Guidelines for Supply Chain Management. With a view to further strengthening the global relations which form one of the foundations of our core competence of integrated corporate strength, we request our suppliers and business partners to kindly accept, understand, and practice these guidelines so that together we can achieve responsible value chain management.

Our suppliers and business partners are expected to:

1. Respect human rights and not to be complicit in human rights abuses
2. Prevent forced labor, child labor and the payment of unfairly low wages
3. Not engage in discriminatory employment practices
4. Respect the rights of employees to associate freely in order to ensure open and fair negotiations between labor and management
5. Provide employees with safe and healthy work environments
6. Protect the global environment and give due consideration to biodiversity
7. Ensure the quality and safety of products and services
8. Ensure fair business transactions, to abide by all applicable laws, rules and regulations, and to prevent extortion, bribery and all other forms of corrupt business practices
9. Ensure appropriate information security
10. Cooperate with members of local host communities and contribute to sustainable regional development
11. Disclose information regarding the above in a manner both timely and appropriate.

Human Rights Seminar

The Sumitomo Corporation Group conducts its business on a global scale, operating in numerous countries, regions, and industries. We therefore recognize the necessity of thoroughly understanding the cultures, customs, and histories of the countries, regions, and industries in which we operate and the need to address various human rights issues based on these considerations. In March 2015, we held a seminar for employees of the Company and Group companies on the link between business activities and human rights. An outside specialist was invited to serve as an instructor for this seminar, through which information was provided on human rights issues that warrant particular attention in our business. The seminar covered a variety of topics with regard to the relationship between business activities and human rights. Specific topics included examples of incidents in which human rights abuses have led to the materialization of reputation risks as well as methods of evaluating the impact of a particular activity on human rights. After participating in the seminar, one employee expressed his belief that such educational activities should be conducted on an ongoing basis to raise human rights awareness and instill these concepts into the minds of employees. Moreover, he stated these efforts were particularly necessary given the diverse and global nature of the Group's business.


Seminar on the link between business activities and human rights

For the latest information on our CSR initiatives, please visit our corporate website.

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

Environmental Management

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

Environmental Policy

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

The Sumitomo Corporation Group Environmental Policy

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

I. Basic Policy

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

II. Basic Guidelines

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

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

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

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

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

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

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

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

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

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

Environmental Management System

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

The Group's integrated authentication enables unified environmental management of many different offices and organizations in line with the Sumitomo Corporation Group Environmental Policy. As of June 2015, approximately 18,300 employees in total from all domestic locations of Sumitomo Corporation and its 27 Group companies are participating in these environmental management activities under the Group's integrated authentication.

ISO 14001
JQA-EM0451

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

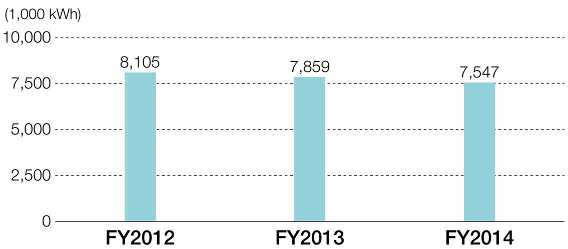
http://www.sumitomocorp.co.jp/english/csr/environment/manage/iso_management/

Environmental Performance Data

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

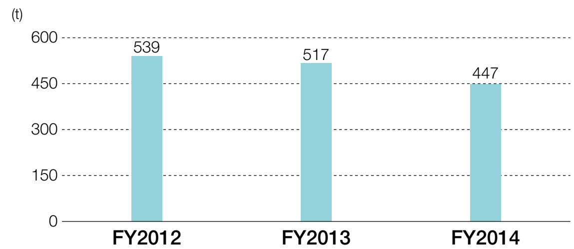
* Previous years' data for CO_2 emissions (in offices and in logistics) and water consumption have been revised in line with actual management status.
* Data scope: Head office, regional offices, branches, and sub-branches in Japan (Three offices for water consumption, nine for other data)

Electricity Consumption



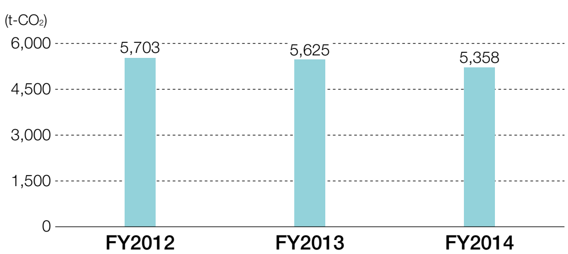
* Sumitomo Corporation has set a target of reducing electricity consumption by 1% annually.

General Waste Emissions



* Sumitomo Corporation has set a target of reducing general waste emissions by 1% annually.
* Fiscal 2015 targets of Sumitomo Corporation are set at 443 tons for general waste emissions, and 35 tons for waste which would be sent to landfill.

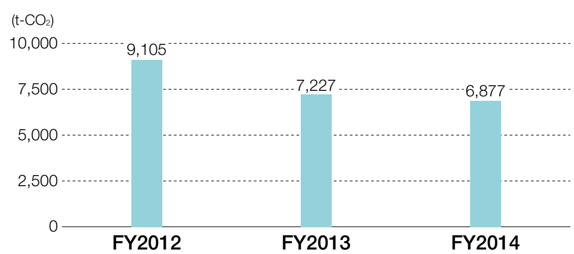
CO_2 Emissions (in offices)



* For the breakdown of CO_2 emissions for FY2014, Scope 1 is 191 tons and Scope 2 is 5,167 tons.
* The above figures indicate total amounts of CO_2 emissions stemming from use of electricity, utility gas, and district heat (cooling/heating water), which are calculated using the following factors:

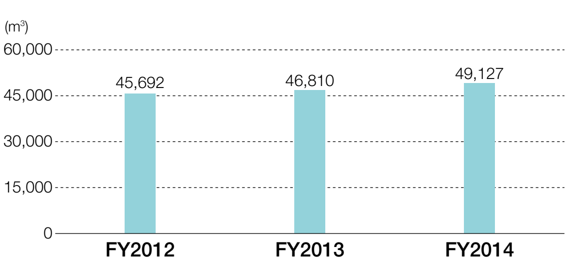
CO_2 emission factors (in offices)	FY2012	FY2013	FY2014
Electricity (kg-CO_2/kWh)	0.571	0.570	0.570
Utility gas adjusted based on standard heat value (t-CO_2/thousand m^3)	2.234	2.234	2.234
Heat (in head office) (t-CO_2/GJ)	0.041	0.046	0.047
Heat (in other than head office) (t-CO_2/GJ)	0.057	0.057	0.057

CO_2 Emissions (in logistics)

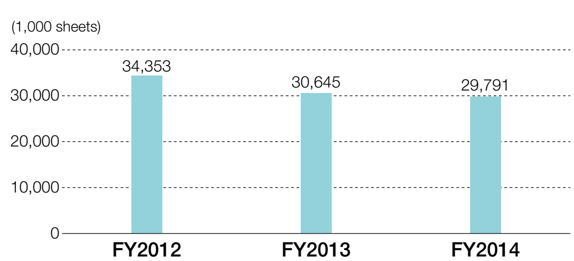


* CO_2 emissions in logistics are for cargoes within Japan where Sumitomo Corporation is the cargo owner according to the Act Concerning Rational Use of Energy.

Water Consumption



Paper Consumption



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

Please refer to the following website for detailed information on environmental performance data and third-party assurance.

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

CSR through Business Activities

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

Efforts to Achieve a Low-Carbon Society

Offshore Wind Farm Projects in Belgium

The European market for offshore wind farms continues to steadily expand, with production capacity expected to increase approximately 3.5 times by 2020. Against this backdrop, in 2014 Sumitomo Corporation entered into an agreement with Parkwind NV, a Belgian offshore wind farm company, and acquired shares in two offshore wind farm projects, Belwind 1 and Northwind. The two projects comprise of a total of 127 wind turbines, with a production capacity that can meet the needs of approximately 370,000 households. Furthermore, Sumitomo Corporation and Parkwind are working together on the development of the Nobelwind project, a new offshore wind farm adjacent to the Belwind wind farm.

Sumitomo Corporation has extensive experience in the operation of onshore wind farms and solar power generation plants around the world including in Japan, the United States, and South Africa. Moreover, Sumitomo Corporation has been building and operating thermal power plants for many years, and has a global network to source components nurtured through its power generation operations, in addition to financing expertise. Going forward, we will continue to leverage these strengths and capabilities—traits only Sumitomo Corporation can offer—in contributing to the further proliferation of renewable energy.

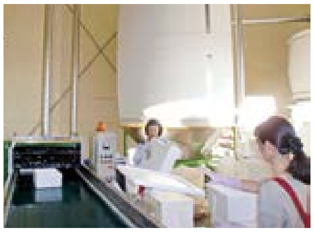

Offshore wind farm projects in Belgium

Efforts to Achieve a Recycling-Oriented Society

Waste Recycling Activities at Summit, Inc.

In recent years, waste is becoming an increasingly severe problem. In light of this, Summit, Inc., a Group company of Sumitomo Corporation that operates a food supermarket chain, is actively engaged in various waste recycling initiatives.

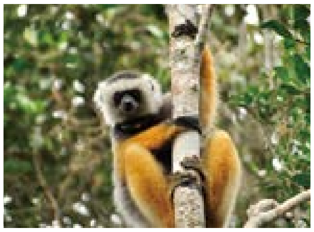
As one of its initiatives, Summit has been recycling styrene foam since 1991. Styrene foam boxes disposed of by the stores, and food trays used by customers collected at the front of the stores, are used as raw materials to produce new food trays and plastic products. Furthermore, in 2013 Summit newly established a styrene foam-recycling center inside its distribution center, and the recycled styrene foam is incorporated in a wide range of applications, including as a derivative to produce insulation materials. Moreover, in partnership with farming union cooperative Wagoen, Summit is engaged in a resource-circulation recycling system, whereby vegetable and fruit scraps are recycled to produce fertilizer, which is then used to cultivate vegetables that are sold at the stores. As a result of these efforts, Summit is currently recycling approximately 80% of the waste produced at its stores.


Recycling center inside Summit's distribution center

Contributions to Biodiversity Conservation

Environmental Conservation at the Ambatovy Nickel Project

Sumitomo Corporation is engaged in the Ambatovy Nickel Project in Madagascar, which is one of the world's largest nickel mine development projects. With approximately 1,000 rare animal species inhabiting the island, adequate consideration must be made for the natural environment when engaging in business operations. To this end, the project is being conducted in line with various international standards, such as the Performance Standards of the International Finance Corporation (IFC), and the standards set out by the World Health Organization (WHO), with thorough efforts made to maintain the island's biodiversity and implement various conservation programs. More specifically, a buffer zone has been designated to protect fauna migrating out of the mine footprint, and a biodiversity offset program has been established based on the concept of "no net loss, and preferably a net gain" of biodiversity. Going forward, the project will continue to cooperate with the Business and Biodiversity Offsets Program (BBOP), an international partnership of governments, corporations, and biodiversity experts, in supporting environmental conservation efforts in Madagascar.


Diademed Sifaka, a rare animal

Please refer to the following website for further details about our initiatives.

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

Social Initiatives

Social Contribution Activities

The Sumitomo Corporation Group will work to resolve social issues through its business activities and social contribution activities with the aim of building a sustainable society. To this end, we are conducting various social contribution activities around the world centered on the three areas listed below.

Developing the next generation of human resources

Contributing to local communities in areas where we do business all over the world

Acting as a good corporate citizen

Developing the next generation of human resources

TOMODACHI Sumitomo Corporation Scholarship Program

In 2013, Sumitomo Corporation began participating in the TOMODACHI Initiative, a Japan-U.S. exchange project led by the U.S. Embassy and U.S.-Japan Council (Japan). Through our involvement in this initiative, we are conducting a scholarship program to support university students sent to the United States through foreign exchange programs. During their time in the United States, scholarship students are able to participate in training sessions held by Sumitomo Corporation of Americas and experience homestays with local U.S. employees. They are given various opportunities to interact with young Japanese and U.S. professionals that are active in a range of areas of business.

In June 2015, an event was held at which the first group of scholarship students reported on their experience during their one-year stay abroad. Attended by representatives from the U.S. Embassy and U.S.-Japan Council (Japan), this event also featured a ceremony for presenting scholarships to the second group of students selected for this program. The students from the first group made their reports confidently in English, a sight that no doubt kindled a flame in the spirits of the second group of students set to embark on their own study-abroad adventures.

Ceremony Held in Mongolia to Commemorate Sumitomo Corporation Scholarship Program

Sumitomo Corporation established the Sumitomo Corporation Scholarship Program in 1996, on the 50th anniversary of its trading business activities, to support the development of the young people to which the future of Asian countries will be entrusted.

To commemorate the 20th anniversary of the commencement of scholarships at the National University of Mongolia and the fifth anniversary of the start of provision at the Mongolian University of Science and Technology, a ceremony was held in the Mongolian capital of Ulaanbaatar in April 2015. On the day of the ceremony, a total of 86 people gathered for the event, including current scholarship recipients, graduates of these universities, representatives from the Embassy of Japan in Mongolia, and members of the local press. One graduate delivered a speech in which he stated his appreciation for the Sumitomo Corporation Scholarship Program, not just for providing aid for his education but also for helping awaken in him the sense of responsibility for making his own contribution to Mongolia's future development. Going forward, the scholarship program will be continued to further support the growth of the students that will drive the development of Mongolia in the future.

Event for hearing reports from the first group of students and presenting scholarships to the second group of recipients

Commemorative ceremony held in Ulaanbaatar

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

OBJECTIVE	We, as a global organization, will work on social issues through our business activities and social contribution activities with the aim of building a sustainable society by implementing the Sumitomo Corporation Group's Management Principles and Activity Guidelines.
ACTIVITIES	We will engage in social contribution activities aimed at developing the next generation of human resources who will drive the sustainable development of society, and contributing to local communities in areas we do business all over the world. We will also take part in various activities as a good corporate citizen.
APPROACH	We will perform and seek to continuously improve our activities with modesty and high aspirations and endeavor to maintain a high level of transparency while strengthening our relationships with all our stakeholders.

Contributing to local communities in areas where we do business all over the world

Sumitomo Corporation Youth Challenge Program for the Revitalization of East Japan

This year marks the fourth time that the Company has held the Youth Challenge Program for the Revitalization of East Japan. This program was created to provide support to young people seeking to aid in the process of reconstructing from the damages of the Great East Japan Earthquake and in helping people affected by the disaster to rebuild their lives. This program consists of two parts: the Activity and Research Subsidy, which helps fund the research and other activities of young people, and the Internship Encouragement Program, which supports long-term youth internships at NPOs active in the quake-stricken regions. Through the Youth Challenge Program, we aim to give young people a large number of opportunity to learn and grow from the experience of playing an active and ongoing part in the revitalization of eastern Japan. We anticipate this experience will help these individuals become future leaders in the development of their communities and society as a whole.

Ceremony for presenting subsidy certificates

Acting as a good corporate citizen

Promotion of Barrier-Free Movie Experiences

With the aim of enabling visual- and hearing-impaired individuals to enjoy popular movies, the Company assisted with the production of barrier-free versions of selected movies from 2004. These barrier-free movies offer audio descriptions and Japanese-language subtitles. In 2008, we began providing these movies for exhibition at free-viewing events held by libraries and volunteer organizations across Japan. Approximately 3,000 people attended these movies at 45 locations in fiscal 2014. Going forward, we will continue to promote the spread of barrier-free movie experiences. Through these activities, we hope to foster awareness about the importance of providing alternative methods of offering access to information for visual- and hearing-impaired individuals, who may have difficulty acquiring information.

Depiction of a barrier-free movie experience

Great East Japan Earthquake Reconstruction Support

Support for Recovery of the Fish Processing Industry in Kesennuma

Together with Sumitomo Corporation Tohoku Co., Ltd., the Company has teamed up with Mitsui & Co., Ltd., to contribute to the recovery of the fish processing industry in Kesennuma City. The industry is a cornerstone industry for this city but suffered catastrophic damage due to the Great East Japan Earthquake and the ensuing tsunami. The trading company coalition is working together with Miyagi Prefecture, Kesennuma City, and the local Chamber of Commerce. In this endeavor, the coalition is assisting with the activities of the Kesennuma Shishiori Fisheries Processing Cooperative Association, which was formed by business operators following the earthquake, to help develop a business model for the innovation and reconstruction of this industry sector.

Construction commenced on a number of joint-usage facilities in September 2014. Among these facilities was an office building, where a ceremony was held to commemorate its completion in May 2015, and a refrigerated warehouse and seawater treatment plant that started operation in August 2015.

A building housing the offices for the Kesennuma Shishiori Fisheries Processing Cooperative Association and a refrigerated warehouse

Social Initiatives

This section introduces the social contribution activities that the Sumitomo Corporation Group is carrying out around the world.

PICK UP

Sumitomo Corporation is aiding the Sankyu Thank You Project (*sankyu* means "maternity leave" in Japanese), a maternal and child health program conducted by the Japanese Red Cross Society in Kenya and Uganda. The project is a donation program based on the concept of protecting the lives of as many African mothers and infants as the number of babies born to employees that take maternity leave and childcare leave. Sumitomo Corporation was the first company to begin participating in this project, which it joined in 2013.

In Europe, Africa, Middle East & CIS

- Support for the activities of Shakespeare's Globe Theatre in contributing to the development of dramatic art and culture in local communities (U.K.)
- Dispatch of employee volunteers and provision of donations to support socially disadvantaged children through cooperation with NPOs (Slovenia) 1
- Aid for the Swedish team aiming to participate in the Homeless World Cup soccer tournament (Sweden)
- Support for the Sankyu Thank You Project protecting the lives of pregnant mothers giving birth and their babies (Kenya, Uganda) PICK UP
- Support for the construction of a training center for teachers in the field of elementary education at Qatar University (Qatar)
- Donation of toys to children's hospitals (Russia)
- Support for a tree-planting event to create a Japanese garden where people can relax (Ukraine) 2

1


2


PICK UP

MobiCom Corporation LLC, an integrated telecommunications provider in Mongolia, has established the Child Helpline 108 call center to help address the issue of child abuse, which is endemic in this country. The call center's full-time staff provide support for various children's issues, ranging from offering consultations regarding issues at school to responding to life-threating emergency situations. More than 150,000 children utilize this helpline each year. Furthermore, MobiCom Corporation provides Child Helpline 108 with operational support, including donations of telephones and computers.

In Asia & Oceania

- Educational assistance for students from impoverished areas in Anhui, Guangdong, and Yunnan provinces (China)
- Donation and delivery of coal briquettes to elderly citizens living alone to enable them to warm their homes (South Korea)
- Aid for operation of child support helpline (Mongolia) PICK UP
- Donation of uniforms and school supplies to elementary schoolchildren in impoverished parts of Yangon's suburbs (Myanmar)
- Release of more than 2,000 juvenile fish into a dam reservoir that serves as daily-use water supply for local residents (Thailand) 3
- Japanese language education and culture learning program for junior high school students in Da Nang City (Vietnam)
- Support for project rebuilding meadow strips and wildlife habitats (Australia) 4

3


4


Sumitomo Corporation provides a running update of the Group's social contribution activities around the world through its corporate website to offer a broader overview, including activities not mentioned in this publication.

http://www.sumitomocorp.co.jp/english/csr/contribution/

Social Contribution Activity Report

PICK UP

Sumitomo Corporation has continued to support the musical activities of the Junior Philharmonic Orchestra (JPO), which consists of approximately 100 youths ranging from elementary school students to university students. In addition to supplying monetary aid, we support the holding of four concerts every year, including the Sumitomo Corporation Young Symphony Concerts, to provide these young musicians with opportunities to present the talents they have honed through daily practice. These concerts include events at which preschool children can enjoy music together with adults and charity concerts for supporting reconstruction efforts following the Great East Japan Earthquake, and these concerts have brought joy to countless individuals.

In Japan

- Support for the activities of the Junior Philharmonic Orchestra (JPO) PICK UP
- Cooperation with the Japanese Red Cross Society's blood donation campaigns
- Support for TABLE FOR TWO and CUP FOR TWO activities
- Participation in service dog training support program conducted by the Guide Dog & Service Dog & Hearing Dog Association of Japan
- Provision of employees' IT proficiencies to help resolve issues faced by entrepreneurs and managers in regions heavily impacted by the Great East Japan Earthquake
- Provision of workplace experience program for special-needs school students 5
- Provision of internships for university students through cooperation with the College of Asia Pacific program, comprising six universities in Japan and South Korea 6

PICK UP

In 2004, Sumitomo Corporation of Americas established the Sumitomo Corporation of Americas Foundation. Each year, this foundation contributes US$500,000 worth of funds to provide ongoing support to projects in a variety of fields, such as disaster relief activities. Specifically, this project funds a Japan-U.S. exchange event held in New York known as Japan Day. The foundation also supports academic activities by providing aid for research programs at the Center on Japanese Economy and Business at Columbia University and cultural activities by offering funding for the operation of the Lincoln Center for the Performing Arts and art museums.

In the Americas

- Support for various activities through the Sumitomo Corporation of Americas Foundation (U.S.) PICK UP
- Internal donation drive to raise funds for the Children's Miracle Network, an organization supporting children's hospitals (Canada) 7
- Support for activities of the Big Brothers and Sisters Movement, a program that matches children with volunteers to talk about their concerns and offers them learning opportunities (Canada)
- Social contributions including protecting rare plants growing on the site of an automobile factory and conducting maintenance and management of drainage channels (Mexico)
- Donations to support a Japanese speech contest (Mexico)
- Donations to a project celebrating the 120th anniversary of diplomatic relations between Japan and Brazil (Brazil)
- Donation of Christmas cakes, school supplies, and playground equipment to villages and elementary schools in close vicinity of Company-owned forests (Chile) 8

Corporate Information

Business Operating Structure

Directors, Corporate Auditors and Executive Officers

(As of August 1, 2015)

Hiroyuki Inohara
Executive Vice President

Naoki Hidaka
Executive Vice President

Michihiko Kanegae
Executive Vice President

Kazuo Ohmori
Chairman

Kuniharu Nakamura
President and CEO

Directors

Chairman
Kazuo Ohmori

President and CEO
Kuniharu Nakamura*

Director
Naoki Hidaka*

Director
Hiroyuki Inohara*

Director
Michihiko Kanegae*

Director
Hideki Iwasawa*

Director
Masahiro Fujita*

Director
Masao Tabuchi*

Director
Hirohiko Imura*

Director
Makoto Horie*

Director
Akio Harada*1

Director
Kazuo Matsunaga*1

Director
Yayoi Tanaka*1

Corporate Auditors

Standing Corporate Auditor (Full-Time)
Takahiro Moriyama

Corporate Auditor (Full-Time)
Nobuhiko Yuki

Corporate Auditor (Certified Public Accountant)
Tsuguoki Fujinuma*2

Corporate Auditor (Lawyer)
Mutsuo Nitta*2

Corporate Auditor (Lawyer)
Haruo Kasama*2

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

Executive Officers

President and CEO

Kuniharu Nakamura

Executive Vice Presidents

Naoki Hidaka
General Manager, Transportation & Construction Systems Business Unit

Hiroyuki Inohara
Chief Financial Officer

Michihiko Kanegae
General Manager, Environment & Infrastructure Business Unit

Senior Managing Executive Officers

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

Hideki Iwasawa
Chief Administration Officer

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

Koichi Takahata
Assistant CFO, Accounting; General Manager, Accounting Controlling Dept.

Managing Executive Officers

Kiyoshi Ogawa
General Manager, Internal Auditing Dept.

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

Masato Sugimori
Assistant CFO, Risk Management

Akira Satake
Assistant CFO, Finance

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

Masao Tabuchi
Chief Strategy Officer, Managing Executive Officer, Responsible for Chubu Region

Hirohiko Imura
General Manager, Media, Network, Lifestyle Related Goods & Services Business Unit

Kiyoshi Sunobe
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 Business Unit

Toshikazu Nambu
General Manager for the Americas; President and CFO of Sumitomo Corporation of Americas Group; Director and President of Sumitomo Corporation of Americas

Masayuki Hyodo
General Manager, Corporate Planning & Coordination Dept.

Executive Officers

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

Shoichi Kato
President, KI Fresh Access, Inc.

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

Shingo Ueno
General Manager, Energy Division

Michihiko Hosono
Assistant CAO, General Affairs & Legal

Akira Tsuyuguchi
Senior Managing Executive Officer, Sumitomo Mitsui Auto Service Company, Limited

Hiroyuki Takai
President and CEO, 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, Automobile Division, No. 2

Tsuyoshi Oikawa
General Manager, Mineral Resources Division No. 2

Tsutomu Akimoto
General Manager, Global Power Infrastructure Business Division

Masato Ishida
Assistant General Manager for Europe, Middle East, Africa & CIS; General Manager for Middle East; Managing Director, Sumitomo Corporation Middle East FZE

Takeshi Murata
General Manager, Ship, Aerospace & Transportation System Division

Nobuki Ando
General Manager, Materials, Supplies & Real Estate Division

Business Operating Structure

Organization

(As of July 1, 2015)

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

■ Corporate Group

- Internal Auditing Dept.
- Corporate Planning & Coordination Dept.
- Global Strategy & Coordination Dept.
- Investor Relations Dept.
- Corporate Communications Dept.
- Environment & CSR Dept.
- Information Technologies Planning & Promotion Dept.
- Secretarial Dept.
- Human Resources Dept.
- Employee Relations & Compensation Dept.
- Corporate Legal & General Affairs Dept.
- Legal Dept.
- Finance Dept.
- Structured Finance Dept.
- Accounting Controlling Dept.
- General Accounting Dept.
- Risk Management Dept. No. 1
- Risk Management Dept. No. 2
- Treasury Services Dept.
- Treasury Administrative Dept.
- Accounting Dept., Corporate Group
- Accounting Dept., Metal Products Business Unit
- Accounting Dept., Transportation & Construction Systems Business Unit
- Accounting Dept., Environment & Infrastructure Business Unit
- Accounting Dept., Media, Network & Lifestyle Related Goods & Services Business Unit
- Accounting Dept., Mineral Resources, Energy, Chemical & Electronics Business Unit

■ Business Units

Metal Products Business Unit

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

Transportation & Construction Systems Business Unit

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

Environment & Infrastructure Business Unit

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

Media, Network, Lifestyle Related Goods & Services Business Unit

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

Mineral Resources, Energy, Chemical & Electronics Business Unit

- Planning & Administration Dept., Mineral Resources, Energy, Chemical & Electronics Business Unit
- Project Management Dept. for Mining & E&P
- Mineral Resources Division No. 1
- Mineral Resources Division No. 2
- Energy Division
- Basic Chemicals & Electronics Division
- Life Science Division

Japan	Overseas
3 Subsidiaries 6 Offices	40 Subsidiaries 26 Offices

Regional Subsidiaries

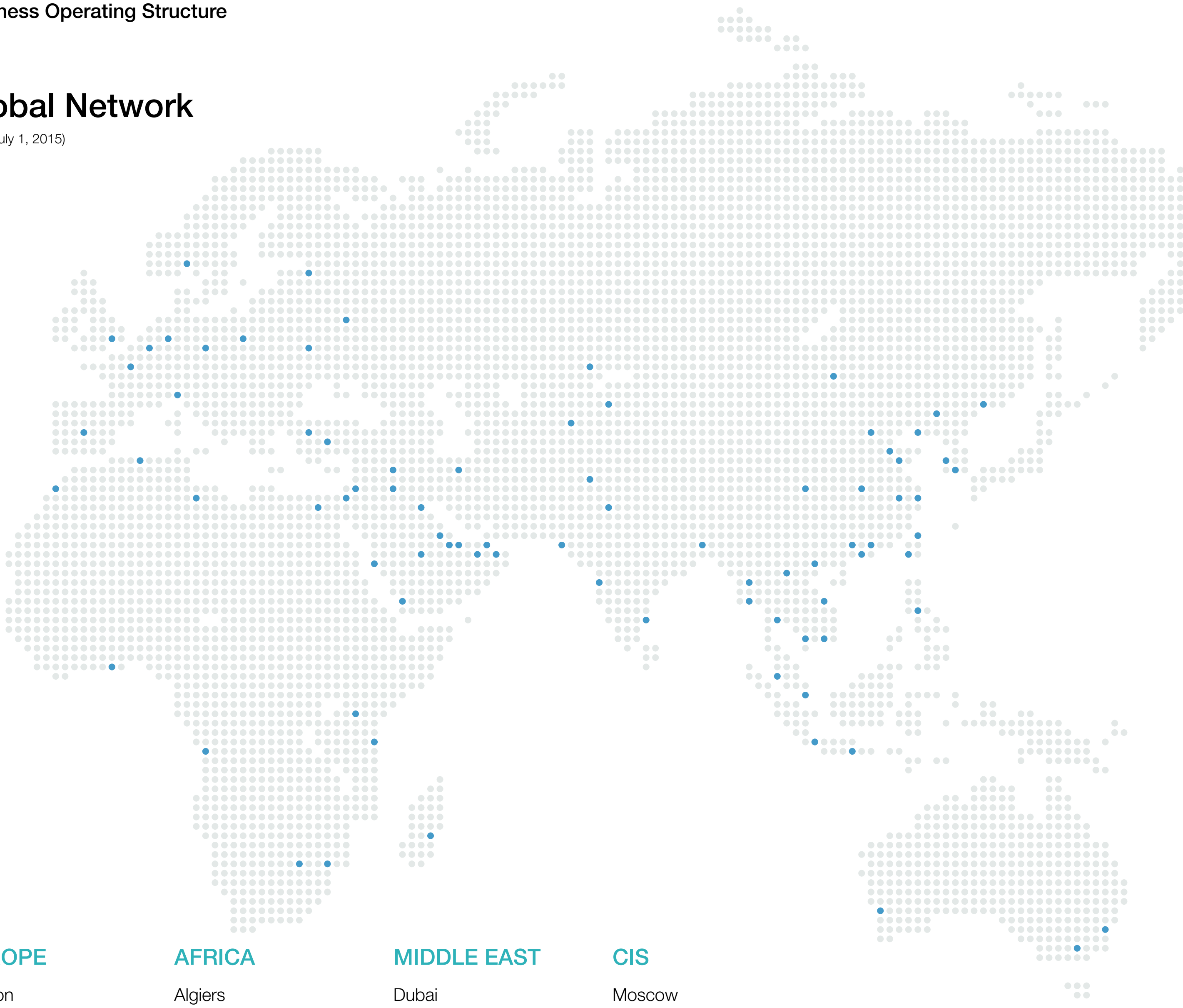
(As of July 1, 2015)

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 (Qingdao) Ltd.	Qingdao
	Sumitomo Corporation (Guangzhou) Ltd.	Guangzhou
	Shenzhen Sumitomo Corporation Ltd.	Shenzhen
	Sumitomo Corporation (Hong Kong) Limited	Hong Kong
	Sumitomo Corporation Taiwan Ltd.	Taipei
	Sumitomo Corporation Korea Ltd.	Seoul
Southeast and Southwest Asia	Sumitomo Corporation Asia & Oceania Pte. Ltd.	Singapore
	Sumitomo Corporation Thailand, Ltd. Sumi-Thai International Limited	Bangkok
	Sumur Cahaya Sdn. Bhd.	Kuala Lumpur
	Sumitomo Corporation of the Philippines	Manila
	PT. Sumitomo Indonesia	Jakarta
	Sumitomo Corporation Vietnam LLC	Hanoi
	Sumitomo Corporation India Private Limited	New Delhi
Oceania	Sumitomo Australia Pty Ltd	Sydney
Europe	Sumitomo Corporation Europe Holding Limited	London
	Sumitomo Corporation Europe Limited	London
	Sumitomo Corporation España S.A.	Madrid
	Sumitomo Deutschland GmbH	Dusseldorf
	Sumitomo France S.A.S.	Paris
	Sumitomo Benelux S.A./N.V.	Brussels
Africa	Sumitomo Corporation Africa Pty Ltd	Johannesburg
Middle East	Sumitomo Corporation Middle East FZCO	Dubai
	Sumitomo Corporation Iran, Ltd.	Teheran
	Sumitomo Corporation Dis Ticaret A.S.	Istanbul
	Sumitomo Corporation Saudi Arabia Ltd.	Alkhobar
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

Business Operating Structure

Global Network

(As of July 1, 2015)



EUROPE

London
Oslo
Praha
Warsaw
Milan
Madrid
Dusseldorf
Paris
Brussels

AFRICA

Algiers
Casablanca
Johannesburg
Nairobi
Dar es Salaam
Luanda
Antananarivo
Accra
Maputo

MIDDLE EAST

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

CIS

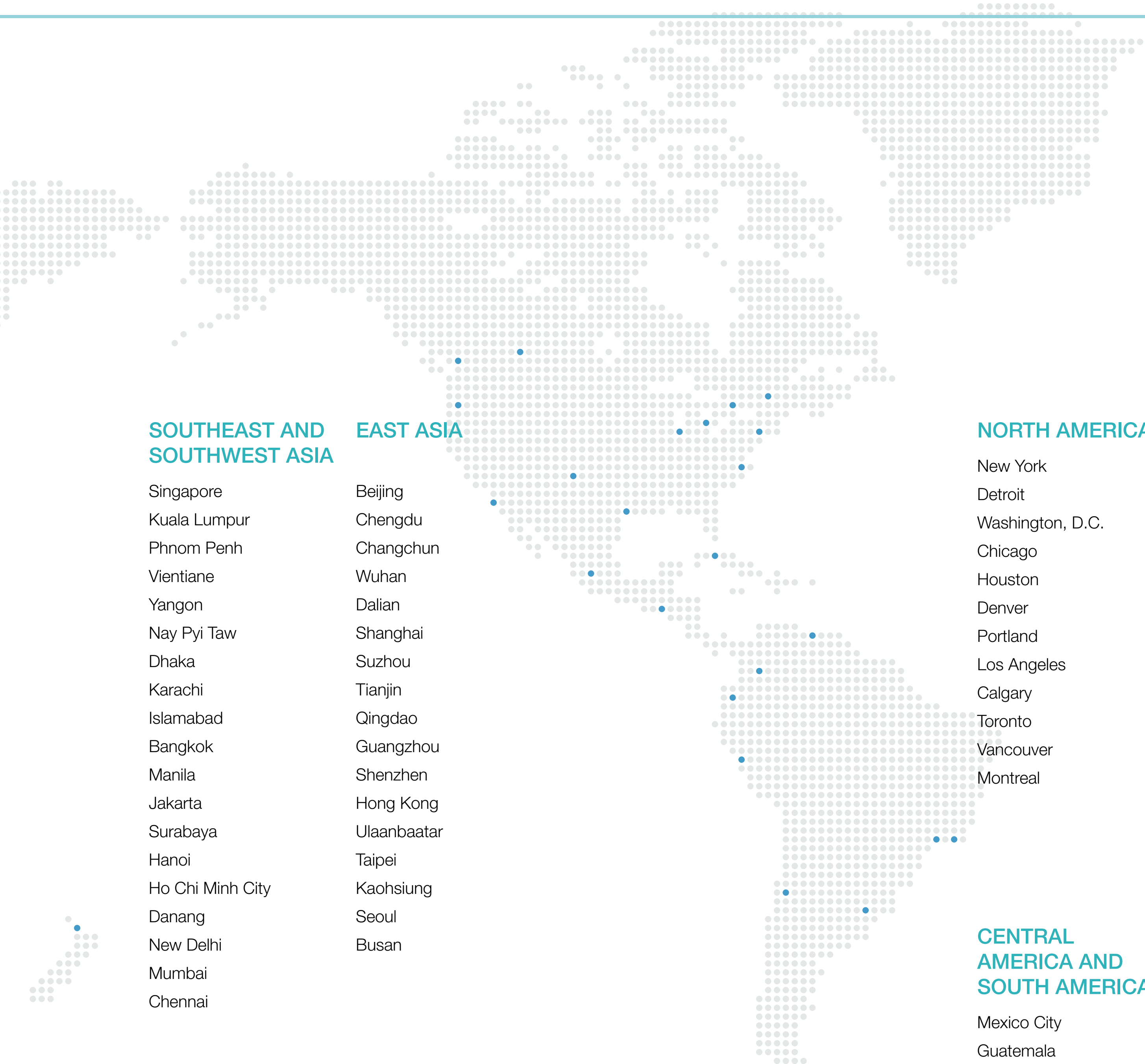
Moscow
Vladivostok
St. Petersburg
Kiev
Almaty
Astana
Tashkent

Overseas: 66 countries

40 Subsidiaries	/ 83 locations
2 Branches	/ 2 locations
1 Sub-Branch	/ 1 location
26 Offices	/ 26 locations
Total	**112 locations**

Japan:

	Headquarters
3 Subsidiaries	/ 9 locations
6 Offices	/ 13 locations
Total	**23 locations**



SOUTHEAST AND SOUTHWEST ASIA

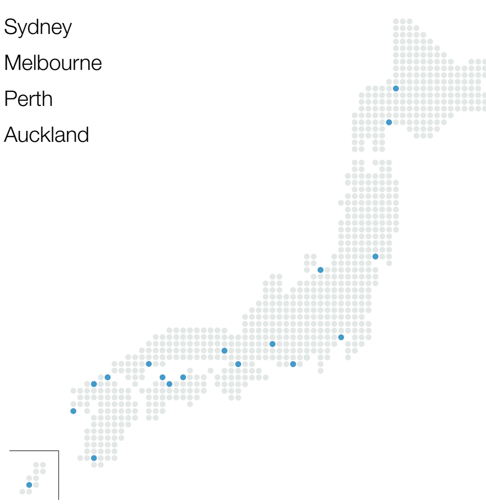
Singapore
Kuala Lumpur
Phnom Penh
Vientiane
Yangon
Nay Pyi Taw
Dhaka
Karachi
Islamabad
Bangkok
Manila
Jakarta
Surabaya
Hanoi
Ho Chi Minh City
Danang
New Delhi
Mumbai
Chennai

EAST ASIA

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

OCEANIA

Sydney
Melbourne
Perth
Auckland



JAPAN

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

NORTH AMERICA

New York
Detroit
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
Quito
Caracas
Bogota
Lima
Buenos Aires
Santiago

Business Operating Structure

Principal Subsidiaries and Associated Companies

(As of March 31, 2015)

		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
	Sumisho Tekko Hanbai Co., Ltd.	Sub.	Sale of steel products
	Summit Steel Co., Ltd.	Sub.	Shearing, slitting, and sale of steel sheets
	Summit Steel Corporation	Sub.	Sale of metal products
Asia	Eastern Steel Industry Corporation (Cambodia)	Sub.	Manufacture and sale of galvanized steel sheets
	Dong Guan Summit Metal Products Co., Ltd. (China)	Sub.	Shearing, slitting, and sale of steel sheets
	Foshan Summit Nikka Mold & Metal Products Co., Ltd. (China)	Sub.	Stock, sale, and processing of tool steel
	Shanghai Nikka Metal Products Co., Ltd. (China)	Sub.	Stock, sale, and processing of tool steel
	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
	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
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
	J.J..IMPEX (Dehli) PRIVATE LIMITED (India)	Ass.	Maruti Suzuki Authorized After-sales Service station
	Kubota Agricultural Machinery India Private Ltd. (India)	Ass.	Sale of tractors, combines and rice transplanters in India
	SML Isuzu Limited (India)	Ass.	Commercial vehicle manufacturer
	P.T. Asuransi Sumit Oto (Indonesia)	Sub.	Insurance for automobiles and motorcycles
	P.T. Oto Multiartha (Indonesia)	Sub.	Financing of automobiles
	P.T. Summit Oto Finance (Indonesia)	Sub.	Financing of motorcycles
	P.T. Traktor Nusantara (Indonesia)	Ass.	Forklift hire and rental. Sale and service of forklift, farm tractor and industrial equipment
	Summit SPA Motors, Ltd. (Myanmar)	Sub.	Aftersales service for Hino Motors trucks and busses
	Sumisho Motor Finance Corporation (Philippines)	Ass.	Financing of motorcycles
	Dunlop Tire Thailand Co., Ltd. (Thailand)	Ass.	Wholesale of tires to the replacement tire market in Thailand
	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
	HAL Vietnam Co., Ltd (Vietnam)	Ass.	Manufacturing and sale of aluminum casting
	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
Middle East	SAS Automotive Services Co., Ltd. (Iraq)	Ass.	Toyota Authorized Service Station
	Summit Auto Trade Facilities (Jordan)	Sub.	Financing of automobiles
	ABDUL LATIF JAMEEL SUMMIT COMPANY LIMITED (Saudi Arabia)	Ass.	Operates dealership of Komatsu construction equipment and others
	Shaheen Tyres Company L.L.C. (UAE)	Ass.	Import and sale of tires in the UAE
Europe	SMBC Aviation Capital Limited (Ireland)	Ass.	Aircraft operating lease
	Sumisho Aero Engine Lease B.V. (Netherlands)	Sub.	Aircraft engine lease
	Dunlop Tire CIS, LLC (Russia)	Ass.	Import and sale of tires in CIS (except Ukraine/Moldova)
	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
	TECNOLOGIA PARA LA CONSTRUCCION Y MINERIA S.L. (Spain)	Sub.	Holding and management company of Komatsu distributor and other business
	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
	HAL Aluminum Mexico, S.A. de C.V. (Mexico)	Ass.	Manufacturing and sale of aluminum casting
	Hirotec Mexico, S.A. de C.V. (Mexico)	Ass.	Manufacturing and sale of body stamping assembly and exhaust system
	Mazda de Mexico Vehicle Operation (Mexico)	Ass.	Manufacturing and sale 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
	TBC Corporation (U.S.)	Sub.	Retail and wholesale of tires
Oceania	Sumitomo Rubber Australia Pty. Ltd. (Australia)	Ass.	Import and wholesale of tires
	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
	MMS Thilawa Development Company Limited	Ass.	Investment in Special Economic Zone Development in Myanmar
	SC Hiroshima Energy Corporation	Sub.	Electricity and steam supply (energy service provider)
	Sumisho Global Logistics Co., Ltd.	Sub.	Global logistics provider
	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 in China
	Sumisho Global Logistics (China) Co., Ltd. (China)	Sub.	Warehousing and distribution services in China
	Eastern Water Co., Limited (Hong Kong)	Ass.	Development and investment of water business in China
	P.T. East Jakarta Industrial Park (Indonesia)	Ass.	Development, sales, and operation of industrial estate in Indonesia
	PT. Indomobil Summit Logistics (Indonesia)	Ass.	Automobile related logistics in Indonesia
	PT Sumisho Global Logistics Indonesia (Indonesia)	Sub.	Warehousing and distribution services in Indonesia
	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
	Thilawa Global Logistics Co., Ltd. (Myanmar)	Sub.	Warehousing and distribution services in Myanmar
	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 in Thailand
	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 in Vietnam
	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
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
	Muscat City Desalination Company S.A.O.C. (Oman)	Ass.	Sea Water Desalination Project Company in Oman
	Sahara Cooling Limited (UAE)	Ass.	District cooling project company in the UAE
	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	Sumisho Global Logistics Europe GmbH (Germany)	Sub.	Warehousing and distribution services in Europe
	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 in Spain
	EVM2 Energias Renovables S.L. (EVM2) (Spain)	Ass.	Development and management of solar power generation plant in Spain
	Bluewell Reinsurance Company (Bermuda) Ltd. (U.K.)	Sub.	Captive insurance company (Rent A Captive)
	Summit Renewable Energy Europe Ltd. (U.K.)	Sub.	Development and management of offshore wind power generation plants in Europe
	Summit Water Limited (U.K.)	Sub.	Investment vehicle for Sutton & East Surrey Water plc. water supply and distribution company in England, and other related subsidiaries
The Americas	Mesquite Creek Wind, LLC (U.S.)	Sub.	Development and management of wind power generation plant in the U.S.
	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 in the U.S.
	Summit Solar Americas, Inc. (U.S.)	Sub.	Development and management of solar power generation plant in the U.S.
	Summit Wind Energy, Inc. (U.S.)	Sub.	Development and management of wind power generation plant in the U.S.
	Summit Wind Power Texas, Inc. (U.S.)	Sub.	Development and management of wind power generation plant in the U.S.
Oceania	Summit Southern Cross Power Holdings Pty Ltd (Australia)	Sub.	Development, ownership, and management of power plant in Australia
	Bluewell Reinsurance (Micronesia) Ltd. (Micronesia)	Sub.	Captive insurance company

		Subsidiary/Associated Company	Main Business
Media, Network, Lifestyle Related Goods & Services Business Unit			
Japan	Akachan House 1.2.3 Co., Ltd	Sub.	Online retailer of baby related items
	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
	IG Kogyo Co., Ltd.	Sub.	Manufacture and sale of insulated metal panels for roofing and walls
	Jupiter Shop Channel Co., Ltd.	Ass.	Operation of TV shopping channel
	Jupiter Telecommunications Co., Ltd. (J:COM)	Ass.	Operation of multiple cable TV systems (MSO) and channels (MCO)
	KI Fresh Access, INC.	Ass.	Fresh product wholesale
	Mammy Mart Corporation	Ass.	Supermarket chain
	MARC JACOBS JAPAN K.K.	Ass.	Import and sale of bags, apparel, and accessories, "MARC JACOBS" and "MARC BY MARC JACOBS"
	Nissin Sugar 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
	SCSK Corporation	Sub.	System integration, IT infrastructure implementation, and IT management
	SEVEN INDUSTRIES CO., LTD.	Ass.	Manufacture and sale of laminated lumber and wood products
	Soukai Drug Co., Ltd.	Sub.	Internet drugstore
	SRJ Co., Ltd	Ass.	Development and Distribution of Learning Enhancement, English Education and Career Training tools and services
	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
Asia	Sumitomo Corporation Equity Asia Limited (Hong Kong)	Sub.	Strategic venture investment in Asia
	PT. Summit Biomass Indonesia (Indonesia)	Sub.	Manufacture and sale of carbonized Palm Kernel Shell (PKS)
	MobiCom Corporation LLC (Mongolia)	Ass.	Integrated telecommunication service in Mongolia
	KDDI SUMMIT GLOBAL SINGAPORE (Singapore)	Ass.	Provision of telecommunications business in Myanmar through Myanmar Subsidiary
	SANYOU DRUGSTORES, LTD. (Taiwan)	Ass.	Drugstore chain in Taiwan
	3S Holding CO., LTD (Thailand)	Ass.	Investing in sugar sales & manufacturing business in Thailand
	SHOP Global (Thailand) Co., Ltd. (Thailand)	Ass.	Development of multi-media retail business in Thailand
	CJ-SC Global Milling (Vietnam)	Ass.	Production, distribution, sales, and exports of wheat flour and flour pre-mix
Europe	OAO Terneyles (Russia)	Ass.	General forest products company
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.
Oceania	Emerald Grain Pty Ltd (Australia)	Sub.	Grain accumulation, trading, and marketing and grain storage and port operation
	Suprima Holdings Pty Ltd (Australia)	Ass.	Manufacturing and sale of frozen dough
	Juice Products New Zealand Ltd (New Zealand)	Sub.	Manufacturing of squeezed juice from vegetables & fruit, mainly from carrots
	Summit Forests New Zealand 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
	Gyxis Corporation	Ass.	Manufacture, storage, transport, sale and import/export of LP gas
	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
	Petro Summit E & P Corporation	Sub.	Exploration, development, production, and sale of and investment in oil and natural gas, etc.; investment in and financing business of the same kind
	Soda Ash Japan Co., Ltd.	Sub.	Sale of soda ash from the United States
	Sumisho Materials Corporation	Sub.	Trading of precious metals and other products
	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	Cepsa Quimica China S.A. (China)	Ass.	Manufacture petrochemicals (phenol) in China
	Summit Agro China Co., Ltd. (China)	Sub.	Distribution of crop protection products in China
	Summit Fertilizer (Foshan) Co., Ltd. (China)	Ass.	Manufacture and sale of chemical fertilizer in China
	Summit Fertilizer (Qingdao) Co., Ltd. (China)	Ass.	Manufacture and sale of chemical fertilizer in China
	Sakura Ferroalloys Sdn. Bhd (Malaysia)	Ass.	Production and marketing of manganese alloy
	Union Harvest (M) Sdn. Bhd. (Malaysia)	Sub.	Import, manufacture, and sale of fertilizer in Malaysia
	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
Europe	Sumi Agro Turkey Tarim Ilaclari Sanayi Ve Ticaret A.S. (Turkey)	Sub.	Distribution of crop protection products in Turkey
	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 S.R.L. (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
	Sumitomo Corporation Global Commodities Limited (U.K.)	Sub.	Trading of Market Commodities
	Summit Exploration & Production Limited (U.K.)	Sub.	Exploration, development, production, and sale of and investment in oil and natural gas in the U.K. North Sea
	Summit Pharmaceuticals Europe Ltd. (U.K.)	Sub.	Supply of active pharmaceutical ingredients, intermediates, and distribution of cosmetic raw materials
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
	Agro Amazonia Productos Agropecuarios S.A. (Brazil)	Sub.	Integrated supply of agricultural materials in Brazil
	Cosmotec International Especialidades Cosmeticas Ltda. (Brazil)	Sub.	Distribution of cosmetic raw materials and development of formulation recipe 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 South America SpA (Chile)	Sub.	Investment in crop protection business in South America
	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.	Distribution of cosmetic raw materials and development of formulation recipe 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
	The Hartz Mountain Corporation (U.S.)	Ass.	Manufacturing, distribution, and sales of pet care products
Oceania	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, manufacture, and sale of fertilizer in Western Australia
Africa	Ambatovy Minerals S.A. (Madagascar)	Ass.	Mining of the Ambatovy nickel project 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			
Asia	Huayou Tubular Co., Ltd. (China)	Ass.	Stock and sale of speciality tubular products for boilers
	Shanghai Hi-Tec Metal Products Co., Ltd. (China)	Sub.	Manufacture and sale of metal-processing products
	Shanghai Summit Metal Products Co., Ltd. (China)	Sub.	Shearing, slitting, and sale of steel sheets
	OMS Holdings Pte. Ltd. (Singapore)	Sub.	Manufacturing, shearing, slitting, and sale of tubular products for the oil and gas industry
	Summit Sunrise Energy Co., Ltd. (Thailand)	Sub.	Ownership of power plant in Asia
Middle East	Mezon Stainless Steel FZCO (UAE)	Sub.	Sale of stainless steel tubular, pipes, and plates
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
	Tecnosumit (Tecnologia para La Construccion y Mineria S.L.) (Spain)	Sub.	Holding and management company of Komatsu distributors and other business in Europe
	SC Motors Sweden AB (Sweden)	Sub.	Management company of automotive distributorship and wholesale of parts and accessories
	ERYNGIUM Ltd. (U.K.)	Sub.	Manufacturing, processing, and distribution of speciality metals for OCTG market
	Sumitomo Corporation Capital Europe Plc (U.K.)	Sub.	Financial services to Group companies
The Americas	Summit Tubulars Corporation (Canada)	Sub.	Sales of tubular products for the oil and gas industry
	Atlantic Hills Corporation (U.S.)	Sub.	Investment in house developments
	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 healthcare 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
	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.	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
	Agro Amazonia Produtos Agropecuarios S.A. (Brazil)	Sub.	Agricultural input distributor

		Subsidiary/Associated Company	Main Business
Others			
Japan	Sumisho Administration Services Co., Ltd.	Sub.	Personnel and general affairs services
	Sumitomo Shoji Financial Management Co., Ltd.	Sub.	Financial services such as cash management, trade settlement, and accounting services to Sumitomo Corporation and its subsidiaries
	Sumitomo Corporation Global Research Co. Ltd.	Sub.	Research and consulting arm of Sumitomo Corporation Group

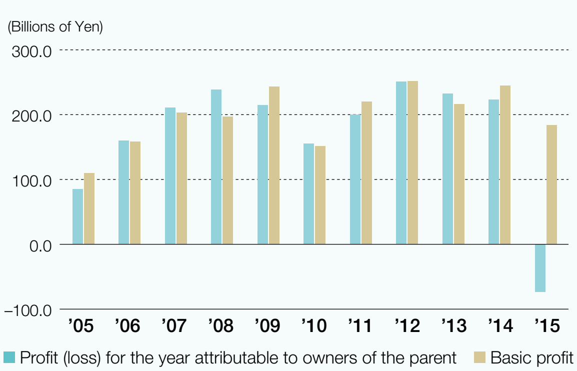
Financial Highlights

For the years ended March 31

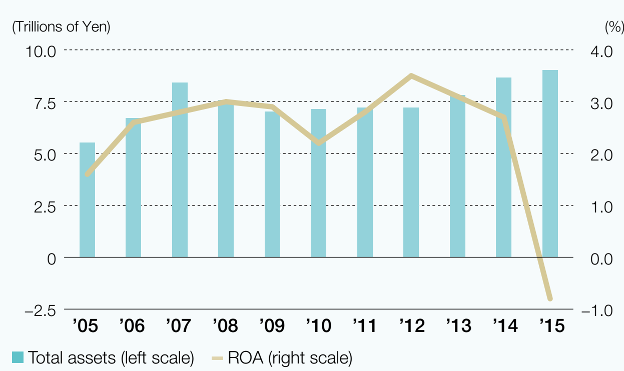
We have prepared consolidated financial statements in accordance with U.S. GAAP for 2010 or earlier and International Financial Reporting Standards ("IFRSs") for 2011 or later.

	AA Plan	AG Plan		GG Plan
Financial Data	2005	2006	2007	2008
Results of operations:				
Gross profit	¥ 563.1	¥ 706.6	¥ 857.7	¥ 934.5
Financial income (expense)	(2.3)	(9.5)	(23.0)	(27.6)
Interest expense, net	(8.6)	(20.0)	(37.1)	(42.8)
Dividends	6.4	10.4	14.1	15.3
Share of profit of investments accounted for using the equity method*	37.4	51.4	70.3	56.9
Profit (loss) for the year attributable to owners of the parent*	85.1	160.2	211.0	238.9
Financial position at year end:				
Total assets	5,533.1	6,711.9	8,430.5	7,571.4
Equity attributable to owners of the parent*	934.9	1,304.0	1,473.1	1,492.7
Interest-bearing liabilities (net)*1	2,376.0	2,622.2	2,913.3	3,247.6
Cash flows:				
Net cash from operating activities	(19.4)	(60.8)	194.3	323.7
Net cash used in investing activities	(52.7)	(137.9)	(449.7)	(298.0)
Free cash flows	(72.0)	(198.7)	(255.5)	25.6
Net cash from (used in) financing activities	111.2	256.7	169.7	7.9
Amounts per share:				
Profit (loss) for the year attributable to owners of the parent*:				
Basic	¥ 72.83	¥ 130.18	¥ 169.93	¥ 192.51
Diluted	72.82	130.17	169.90	192.47
Equity attributable to owners of the parent*	776.61	1,047.88	1,192.35	1,194.20
Cash dividends declared for the year*2	11.00	25.00	33.00	38.00
Ratios:				
Equity attributable to owners of the parent ratio (%)*	16.9	19.4	17.5	19.7
ROE (%)	10.2	14.3	15.2	16.1
ROA (%)	1.6	2.6	2.8	3.0
Debt-Equity Ratio (net) (times)	2.5	2.0	2.0	2.2
For reference:				
Total trading transactions*3	¥9,898.6	¥10,336.3	¥10,528.3	¥11,484.6
Basic profit*4	110.0	158.3	202.9	197.1

Profit (loss) and basic profit



Total assets and ROA



* Under U.S. GAAP, “Share of profit of investments accounted for using the equity method” corresponds to “Equity in earnings of associated companies, net,” “Profit (loss) for the year attributable to owners of the parent” corresponds to “Net income (loss) attributable to Sumitomo Corporation,” “Equity attributable to owners of the parent” corresponds to “Sumitomo Corporation shareholders’ equity” and “Equity attributable to owners of the parent ratio” corresponds to “Sumitomo Corporation shareholders’ equity ratio.”

*1 Interest-bearing liabilities (net) excludes cash and cash equivalents and time deposits from interest-bearing liabilities.

*2 Cash dividends per share represents the cash dividends declared applicable to each respective year, including dividends paid after the year-end.

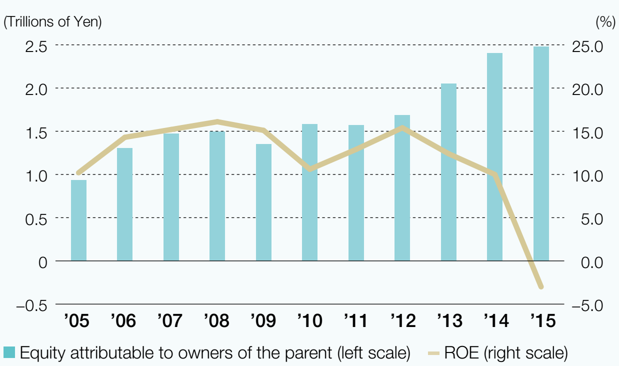
*3 Total trading transactions represents the gross transaction volume of trading activities, or the nominal aggregate value of the transactions for which the Companies act as a principal or as an agent. Total trading transactions is a measure commonly used by Japanese trading companies and is presented in a manner customarily used in Japan solely for Japanese investors’ purposes. It is not to be construed as equivalent to, or a substitute for, sales or revenues under accounting principles generally accepted in the United States of America (“U.S. GAAP”) or IFRSs.

*4 Basic Profit = (Gross profit + Selling, general and administrative expenses (excluding provision for doubtful receivables) + Interest expense, net + Dividends) x (1 – Tax rate) + Share of profit of investments accounted for using the equity method
<Tax rate was 41% for 2005 through 2012, 38% for 2013 and 2014, and 36% for 2015.>

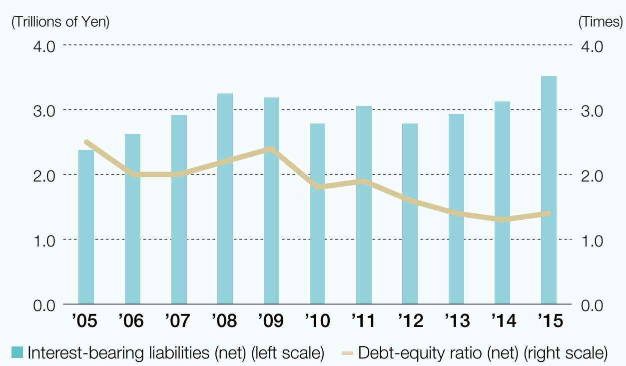
*5 The U.S. Dollar amounts represent transactions of Japanese yen amounts at the rate of ¥120 = U.S.$1.

GG Plan	FOCUS’ 10		ƒ(x)		BBBO2014		BBBO2014
2009	2010	2011	2012	2013	2014	2015	2015
						Billions of Yen	Millions of U.S. Dollars*5
¥ 935.2	¥ 779.5	¥ 864.0	¥ 918.8	¥ 827.0	¥ 894.4	**¥ 952.9**	**$ 7,941**
(21.5)	(12.8)	(8.1)	(3.9)	(2.3)	(2.6)	**4.3**	**35**
(36.1)	(24.1)	(18.1)	(15.1)	(15.8)	(17.4)	**(13.0)**	**(109)**
14.6	11.3	10.0	11.2	13.4	14.9	**17.2**	**144**
90.0	76.1	95.6	110.6	107.4	126.2	**49.1**	**409**
215.1	155.2	200.2	250.7	232.5	223.1	**(73.2)**	**(610)**
7,018.2	7,137.8	7,230.5	7,226.8	7,832.8	8,668.7	**9,021.4**	**75,178**
1,353.1	1,583.7	1,570.5	1,689.1	2,052.8	2,404.7	**2,481.4**	**20,679**
3,186.8	2,781.8	3,056.3	2786.7	2,930.3	3,123.5	**3,517.5**	**29,312**
348.8	510.4	219.5	190.4	280.3	278.2	**243.7**	**2,031**
(261.5)	(59.4)	(469.4)	(35.7)	(186.2)	(249.9)	**(399.6)**	**(3,330)**
87.3	451.0	(249.9)	154.7	94.1	28.4	**(155.9)**	**(1,299)**
(5.8)	(150.1)	155.9	(33.3)	(24.7)	145.9	**(74.8)**	**(623)**
						Yen	U.S. Dollars
¥ 172.06	¥ 124.15	¥ 160.17	¥ 200.52	¥ 185.92	¥ 178.59	**¥ (58.64)**	**$ (0.49)**
172.03	124.12	160.09	200.39	185.79	178.46	**(58.64)**	**(0.49)**
1,082.47	1,266.93	1,256.31	1,351.10	1,641.60	1,927.37	**1,988.62**	**16.57**
34.00	24.00	36.00	50.00	46.00	47.00	**50.00**	**0.42**
						%, Times	
19.3	22.2	21.7	23.4	26.2	27.7	**27.5**	
15.1	10.6	12.9	15.4	12.4	10.0	**(3.0)**	
2.9	2.2	2.8	3.5	3.1	2.7	**(0.8)**	
2.4	1.8	1.9	1.6	1.4	1.3	**1.4**	
						Billions of Yen	Millions of U.S. Dollars
¥10,750.0	¥ 7,767.2	¥ 8,349.4	¥ 8,273.0	¥ 7,502.7	¥ 8,146.2	**¥ 8,596.7**	**$71,639**
243.0	151.4	220.5	251.5	216.5	245.0	**184.0**	**1,533**

Equity attributable to owners of the parent and ROE



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



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

1. Economic Environment

During the period under review (fiscal 2014, i.e., April 1, 2014, through March 31, 2015), on the global economic front, although the United States maintained its strong performance, recovery from the downturn was delayed in Europe and the economies of emerging countries generally slowed down, resulting in only moderate growth overall. Geopolitical risks in Ukraine, the Middle East, and North Africa also came to the surface, increasing uncertainties about the outlook for the global economy. International commodity markets faced increased downward pressure due to mounting doubts over future demand and concerns about oversupply. In the Japanese economy, although there was weakness in personal spending and housing investment after the consumption tax rate was raised in April 2014, the employment and income environment and corporate performance continued to improve, resulting in a gradual recovery trend in the second half.

2. Overall Business Performance and Financial Condition

(1) Business Performance

Consolidated net income (loss) for fiscal 2014 amounted to a loss of ¥73.2 billion, a decrease of ¥296.2 billion from the previous fiscal year. Basic profit of our non-mineral resources businesses, such as the tubular products business, leasing business, overseas power infrastructure business, and media-related business, continued in an upward trend, driven by the earnings pillars which showed robust performance, but also driven by profit contributions from investments made in recent years. However, in addition to the sluggish performance in our mineral resources businesses due to a drop in commodity prices, we posted impairment losses of ¥310.3 billion in total in the several projects, such as Tight oil development project in the U.S. and Iron ore mining project in Brazil; as a result we reported a net loss.

• ***Gross Profit.*** Gross profit totaled ¥952.9 billion, up by ¥58.5 billion, from ¥894.4 billion in the previous year. This was due to factors such as a robust performance by tubular products business in North America and the new consolidation of Edgen Group.

• ***Selling, General and Administrative Expenses.*** Selling, general and administrative expenses totaled ¥755.2 billion, an increase of ¥48.8 billion, from ¥706.4 billion in the previous year. This was owing mainly to the yen's depreciation, and to the new consolidation of Edgen Group.

• ***Impairment losses on long-lived assets.*** Impairment losses on long-lived assets totaled ¥278.6 billion, up by ¥247.2 billion, from ¥31.4 billion in the previous year. This was owing mainly to impairment losses on Tight oil development project in the U.S., Shale gas project in the U.S., Coal-mining projects in Australia, Tire business in the U.S., and Oil field interests in the North Sea.

• ***Share of profit of investments accounted for using the equity method.*** Share of profit of investments accounted for using the equity method totaled ¥49.1 billion, a decrease of ¥77.1 billion, from ¥126.2 billion in the previous year. This was owing mainly to impairment losses on Iron ore mining project in Brazil.

(2) Financial Condition

1) Assets, Liabilities, and Equity

As of March 31, 2015, Total assets stood at ¥9,021.4 billion, representing an increase of ¥352.6 billion from the previous fiscal year-end due to new investments and the yen's depreciation despite a decrease caused by impairment losses in the several projects including Tight oil development project in the U.S. and Iron ore mining project in Brazil. As of March 31, 2015, Equity attributable to owners of the parent totaled to ¥2,481.4 billion, an increase of ¥76.8 billion from the previous fiscal year-end, due primarily to an increase in Exchange differences on translating foreign operations caused by the yen's depreciation despite a decrease in Retained earnings by incurring Loss for the year attributable to owners of the parent. The ratio of Equity attributable to owners of the parent to Total assets was 27.5%. Meanwhile, Interest-bearing liabilities (net) rose by ¥394.1 billion from the previous fiscal year-end, to ¥3,517.5 billion. Consequently, the net debt-equity ratio (Interest-bearing liabilities (net) / Equity attributable to owners of the parent) was 1.4.

2) Cash Flows

Net cash provided by operating activities totaled ¥243.7 billion, as our core businesses performed well in generating cash. Net cash used in investing activities was ¥399.6 billion due mainly to new investments of approx. ¥450.0 billion. As a result, Free cash flow, calculated as Net cash provided by operating activities plus Net cash used in investing activities, totaled ¥155.9 billion outflow. Net cash used in financing activities was ¥74.8 billion. As a result, Cash and cash equivalents as of March 31, 2015 decreased by ¥215.3 billion from March 31, 2014 to ¥895.9 billion.

Principal Subsidiaries and Associated Companies Contributing to Consolidated Results/Overseas Four Broad Regions

(Billions of yen)

	Shares in equity (End of FY2014) (%)	Main business	FY2013 equity in earnings	FY2014 equity in earnings
Metal Products Business Unit				
ERYNGIUM Ltd.[*1]	*100.00%	Manufacture, processing, and distribution of speciality metals for OCTG market	4.8	6.2
SC Pipe Services Inc.	100.00%	Investment in pipe manufacturing and sales company in the U.S.	2.8	3.2
Sumisho Metalex Corporation	100.00%	Sale of non-ferrous metal products, materials for home heat solution	1.4	1.2
Aluminium smelting business in Malaysia	*20.00%	Aluminum smelting business in Malaysia	(0.2)	0.9
Edgen Group Inc.	*100.00%	Sale of specialized products for energy and infrastructure industry and tubular products for oil and gas industry	0.2	0.3
Transportation & Construction Systems Business Unit				
Sumitomo Mitsui Finance and Leasing Company, Limited	*40.00%	Finance and lease	17.1	18.3
Sumitomo Mitsui Auto Service Company, Limited	46.00%	Leasing of motor vehicles	4.0	4.4
P.T. Summit Oto Finance	*100.00%	Financing of motorcycles	3.0	2.9
P.T. Oto Multiartha	*100.00%	Financing of automobiles	4.2	2.3
Sumisho Machinery Trade Corporation[*2]	*100.00%	Trading of machinery, equipment, and automobiles in Japan	1.3	1.8
TBC Corporation[*3, 4]	*100.00%	Retail and wholesale of tires	(3.0)	(24.8)
Environment & Infrastructure Business Unit				
Sumisho Global Logistics Co., Ltd.	100.00%	Global logistics provider	1.4	1.3
Perennial Power Holdings Inc.	*100.00%	Development, ownership, and management of power plants in the U.S.	1.1	1.3
Media, Network & Lifestyle Related Goods & Services Business Unit				
Jupiter Telecommunications Co., Ltd. (J:COM)	50.00%	Operation of multiple cable TV systems (MSO) and channels (MCO)	31.6	26.1
Jupiter Shop Channel Co., Ltd.	50.00%	Operation of TV shopping channel	7.0	7.1
SCSK Corporation	50.77%	System integration, IT infrastructure implementation, and IT management	7.4	3.3
Summit, Inc.	100.00%	Supermarket chain	0.9	2.4
2 companies in the banana business	*–	Import and sale of fruits and vegetables	1.6	1.9
MobiCom Corporation LLC	33.98%	Integrated telecommunication service in Mongolia	1.1	1.0
S.C. Cement Co., Ltd.	*100.00%	Sale of cement, ready-mixed concrete, and concrete products	1.0	0.9
Sumisho Brand Management Corporation	*100.00%	Import, design, and sale of the German luxury line of Chenille fabrics brand "FEILER" and women's apparel and accessories brand "NARA CAMICIE"	0.9	0.0
Grain business companies in Australia[*5, 6]	*100.00%	Grain accumulation and investment in grain storage and export terminal operating business	0.9	(2.3)
Mineral Resources, Energy, Chemical & Electronics Business Unit				
2 silver, zinc, and lead business companies in Bolivia	*100.00%	Investment in silver, zinc, and lead mines operating, and ore concentrate sales companies in Bolivia	5.4	11.8
LNG Japan Corporation	50.00%	Trading of LNG and investment and financing related to LNG business	5.1	9.3
Oresteel Investments (Proprietary) Limited	*49.00%	Investment in the Assmang iron ore and manganese mine in South Africa	15.9	7.9
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	5.4	4.3
Sumitronics Corporation	100.00%	Electronics manufacturing service	1.2	1.5
SMM Cerro Verde Netherlands B.V.	20.00%	Investment in the Cerro Verde copper mine in Peru	2.4	1.5
Sumitomo Shoji Chemicals Co., Ltd.	100.00%	Sale and trade of chemicals and plastics	1.5	1.4
2 companies with oil field interests in the North Sea[*4]	*–	Development, production, and sale of crude oil and natural gas in the British and Norwegian zones of the North Sea	2.4	(0.4)
Nusa Tenggara Mining Corporation	74.28%	Investment in and financing of the Batu Hijau copper/gold mine project in Indonesia	0.4	(4.3)
Nickel mining and refining business in Madagascar	–	Investment in and financing of the Ambatovy nickel mining project in Madagascar	(1.1)	(10.1)
Companies related to coal business in Australia[*4]	*–	Investment in coal mines in Australia	(26.7)	(28.2)
Shale gas business in the U.S.[*4]	*100.00%	Exploration, development, production, sale of and investment in natural gas in the U.S.	(0.3)	(30.5)
Iron ore mining business in Brazil[*4]	*–	Iron ore mining business in Brazil	5.1	(60.3)
Tight oil business in the U.S.[*4]	*100.00%	Exploration, development, production, and sale of and investment in tight oil and natural gas in North America	(0.1)	(197.9)
Overseas				
Europe, Middle East, Africa & CIS[*4]	–	Export, import, and wholesale	11.1	12.3
Asia & Oceania[*4]	–	Export, import, and wholesale	4.9	8.1
East Asia	–	Export, import, and wholesale	4.3	4.2
Americas[*4]	–	Export, import, and wholesale	21.0	(47.6)

Notes (*) Shares in equity and equity in earnings for companies marked with an asterisk are the percentage shares and equity amounts company-wide including other segments.

(*1) We changed our consolidated periods from FY2013, the results show equity in earnings of Jan.–Dec., 2013 for FY2013, Apr., 2014–Mar., 2015 for FY2014 respectively.

(*2) The majority shareholder was changed from Environment & Infrastructure business unit to Transportation & Construction Systems business unit.

(*3) This company has been transferred to Transportation & Construction Systems business unit according to business restructuring since April 1, 2015.

(*4) The impairment losses included in FY2014 Results: Companies related to TBC Corporation –18.8, 2 companies with oil field interests in the North Sea –3.6,Coal business in Australia –24.4, Shale gas project in the U.S.–31.1, Iron ore mining business in Brazil –62.3, Tight oil business in the U.S. –199.2 (billions of yen)

Some portions of the impairment losses are included in FY2014 Results of Europe, Middle East, Africa & CIS, Asia & Oceania and Americas. (Europe, Middle East, Africa & CIS –0.5, Asia & Oceania –3.5, Americas –71.0 (billions of yen))

(*5) In February 2014, our shares in Grain business companies in Australia were increased to 100.00%. (FY2013 Apr.–Dec.: 50.00%)

(*6) We changed our consolidated periods from FY2013, the results show equity in earnings of Mar., 2013 Mar., 2014 for FY2013, Apr., 2014–Mar., 2015 for FY2014 respectively.

Financial Section

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

1. Introduction

We are an integrated trading company (*sogo shosha*) engaged in a wide range of business activities on a global basis. Our business foundation consists of trust, global relations with over 100,000 business partners around the world, a global network with offices and subsidiaries worldwide, intellectual capital and advanced functions in business development, logistic solutions, financial services, IT solutions, risk management and intelligence gathering and analysis. Through integration of these elements, we provide a diverse array of value to our customers. Based on this business foundation and these functions, we engage in general trading of a wide range of goods and commodities and in various business activities. We act as both a principal and an 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 overseas regional operations. 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 to facilitate efficient operations. 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 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 overseas operations to facilitate proper integration and risk control.

On April 1, 2014 the Kansai Regional Business Unit and Chubu Regional Business Unit were abolished, and the business departments constituting the above two business units were incorporated into organizations under headquarter's 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, 2015. Accordingly, they are inherently susceptible to uncertainties and changes in circumstances and are not guarantees of future performance.

(1) Summary of the medium-term management plan: "Be the Best, Be the One 2014"

The Company had positioned its medium-term management plan "Be the Best, Be the One 2014 (BBBO2014)" as the "stage of heading for an even higher level of profit growth by thoroughly enhancing our earning power" for the two years until March this year, and made efforts to build a solid earnings base while maintaining financial soundness. To be specific, we stimulated the metabolism of our business portfolio by executing new investment and loans as well as replacing businesses in order to expand our earnings base; however, due to the incurrence of impairment losses on large projects in fiscal 2014, among other factors, we failed to reach the quantitative targets of "BBBO2014" such as Profit for the year attributable to owners of the parent, etc.

(i) Achievements of “BBBO2014”

The quantitative targets of “BBBO2014” and actual performance were as below.

	Targets		Actual	
	Fiscal 2013	Fiscal 2014	Fiscal 2013	Fiscal 2014
Profit (loss) for the attributable to owners of the parent	¥240.0 billion	¥270.0 billion	¥223.1 billion	¥(73.2) billion
Risk-adjusted return ratio	<2-year average>	Approx. 12%	<2-year average>	3.5%
ROA	<2-year average>	3% or more	<2-year average>	0.9%

In fiscal 2013, solid results in metal products, transportation and construction systems, and other non-mineral resources businesses pushed up our company-wide performance, but in our mineral resources 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 Coal-mining projects in Australia; as a result Profit for the year attributable to owners of the parent totaled ¥223.1 billion.

In fiscal 2014, Profit (loss) for the year attributable to owners of the parent amounted to a loss of ¥73.2 billion. This reflected a sluggish performance in mineral resources businesses due to a further drop in commodity prices, combined with ¥310.3 billion of impairment losses posted for several projects including Tight oil development project in the U.S. and Iron ore mining project in Brazil. These factors outweighed robust performances from our earnings pillars and profit contributions from investments made in recent years in non-mineral resources businesses.

(ii) Impairment losses

The principal projects that posted impairment losses in fiscal 2014, which were the main reason for the failure to reach the quantitative targets of “BBBO2014” are shown below.

Projects	Project Outline	Amount of Impact on Profit (loss) for the year attributable to owners of the parent	Main Reason for Impairment Losses
Tight oil development project in the U.S.	Tight oil & gas development and relevant businesses in the state of Texas, U.S.	¥(199.2) billion	Resolution of the divestment of certain fixed assets, decline in the oil prices, revision of the long-term business plan
Iron ore mining project in Brazil	Iron ore mining operations and relevant businesses in the Serra Azul region of the state of Minas Gerais in Brazil	¥ (62.3) billion	Decline in the iron ore prices, revision of the life of mine plan and future expansion plan
Shale gas project in the U.S.	Shale gas development and relevant businesses in the state of Pennsylvania, U.S.	¥ (31.1) billion	Decline in the oil & gas prices, revision of the long-term business plan
Coal-mining projects in Australia	Investments in coal mines in Australia	¥ (24.4) billion	Decline in the coal prices
Tire business in the U.S. (TBC)	Retail and wholesale of tires in the U.S.	¥ (21.9) billion	Revision of the business plan
Oil field interests in the North Sea	Crude oil & natural gas development and relevant businesses in the British and Norwegian zones of the North Sea	¥ (3.6) billion	Decline in the oil prices, revision of the long-term business plan
Tax effect and others		¥ 32.3 billion	
Total amount		¥(310.3) billion	

(2) Overview of a new medium-term management plan: “Be the Best, Be the One 2017”

(i) Basic policy

Based on the summary of “BBBO2014,” the Company has prepared a new medium-term management plan “Be the Best, Be the One 2017 (BBBO2017),” which covers fiscal 2015, 2016 and 2017. Its basic policies are as follows:

Theme: To make group-wide efforts in overcoming issues and to outline a path toward the realization of “What We Aim to Be”

- Steady implementation of managerial reform
- Strengthening earning power to achieve “What We Aim to Be”
- Regaining balance between core risk buffer and risk-adjusted assets and securing positive post-dividend free cash flow (3-year total)

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

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

Total assets: Around ¥10 trillion / Profit for the year attributable to owners of the parent: ¥400 billion or more

(ii) Priority actions

Steady implementation of managerial reform

>> *Change the Management Council into a decision-making body*

We will change the Management Council, which had been positioned as an advisory body to the President, into a decision-making body in order to establish a system under which decisions on important matters are made through multilateral discussions more than before.

>> *Strengthen the system for handling important and large-scale projects*

We will strengthen our risk management system by introducing a scheme of Loan and Investment Committees within business units, in addition to the company-wide Loan and Investment Committee, to discuss and examine investments from various perspectives prior to the investment stage and by holding discussions in two stages, first at the time of considering the investment and second at the time of execution of the investment.

>> *Adjust the hurdle rate for investments*

We will review our hurdle rate for investments so that they better correspond to the nature of the risks for each business and will aim to determine the profitability of investments more appropriately by using the hurdle rate.

>> *Increase in the number of outside directors*

>> *Active response to the Corporate Governance Code*

Strengthening earning power to achieve "What We Aim to Be" (promoting a growth strategy)

>> *Strengthening/promoting cross-organizational collaboration*

Based on the growth strategies of each business unit, we will strengthen and promote cross-organizational collaboration among businesses which have compatibilities in terms of industry, function and region in respect of overall portfolio.

>> *Strategic industrial/regional focus*

Following our initiatives started in "BBBO2014," we will continue to strengthen the structure to develop businesses in the following industries and regions with growth potential:

Industrial focus: Energy-related business, retail business in Asia, food and agriculture-related business

Regional focus: Brazil, India, Myanmar, Turkey, Sub-Saharan Africa

>> *Policy for the upstream mineral resources & energy business*

> Reduction of risk exposure through early financial completion (Nickel project in Madagascar, copper project in Chile, etc.)

> Continuous cost reduction and earning power improvement in existing businesses

> Basic policy; new investments replace existing assets

> Reconstruction of the risk management and assessment system

- Manage concentration risk (monitoring and stress test regularly)
- Improve methodology of project valuation (improve criteria for pipeline screening and risk scenario analyses)
- Establish an expert organization (strengthen market analyses and technical evaluation abilities through the use of expertise of external human resources)

Regaining a balance between core risk buffer and risk-adjusted assets and securing positive post-dividend free cash flow (3-year total)

As a discipline for the promotion of our growth strategies, we will make investments and pay dividends within the cash generated from profits and asset replacements, in order to realize sustainable profit growth. In the three-year period of the "BBBO2017," we plan to collect cash of approximately ¥1.4 trillion through basic profit cash flow, depreciation and amortization and asset replacement. We plan to allocate approximately ¥200 billion to dividend payments and the remaining ¥1.2 trillion to investments. We aim to regain a balance between our core risk buffer and our risk-adjusted assets while continuing investment for growth to secure a positive post-dividend free cash flow.

(iii) Quantitative targets

We will aim to achieve the following figures in fiscal 2017 by steadily executing the priority actions mentioned above.

		Fiscal 2017
Profit targets	Profit for the year attributable to owners of the parent	¥300 billion or more
	ROA	3% or more
	Risk-adjusted return ratio	10% or more
	ROE	Around 10%
Financial policies	Balance between core risk buffer and risk-adjusted assets	Regain balance by the end of fiscal 2017
	Free cash flow <Post-dividend free cash flow>	3-year total ¥200 billion <3-year totals Positive>
Investment plan		3-year total ¥1.2 trillion

Fiscal 2015 Business Performance Forecast

The performance of mineral resources business and tubular products business is expected to slow down due to the drop in prices for oil and other mineral resources, while robust performance is expected to continue in relation to our core businesses in Transportation & Construction Systems; Environment & Infrastructure; and Media, Network, Lifestyle Related Goods & Services segment. On the basis of these factors, we have set a target of ¥230.0 billion in Profit for the year attributable to owners of the parent for fiscal 2015.

*1 Our core risk buffer represents the sum of Common stock, Additional paid-in capital, Retained earnings and Exchange difference on translating foreign operations minus Treasury stock, at cost. Our basic management policy is to keep risk-adjusted assets, which are our maximum possible losses, within our core risk buffer.

*2 Basic profit cash flow is calculated by deducting Share of profit of investments accounted for using the equity method from Basic profit and adding Dividend from investments accounted for using the equity method.

3. Economic Environment

During the period under review (fiscal 2014, i.e., April 1, 2014, through March 31, 2015), on the global economic front, although the United States maintained its strong performance, recovery from the downturn was delayed in Europe and the economies of emerging countries generally slowed down, resulting in only moderate growth overall. Geopolitical risks in Ukraine, the Middle East, and North Africa also came to the surface, increasing uncertainties about the outlook for the global economy. International commodity markets faced increased downward pressure due to mounting doubts over future demand and concerns about oversupply.

In the Japanese economy, although there was weakness in personal spending and housing investment after the consumption tax rate was raised in April 2014, the employment and income environment and corporate performance continued to improve, resulting in a gradual recovery trend in the second half.

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, etc.

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

- services related to customized software development;
- 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, 2015, sales of services and others accounted for 16.8% of our total revenues, and the gross profit from sales of services and others accounted for 47.5% 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 Long-Lived Assets, 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 followings 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 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 contracts, etc., 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 for objective, such as expansion of the medium and long-term revenue through maintenance and reinforcement of relationships with investees. Their 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, 2015 Compared to Fiscal Year Ended March 31, 2014

Total Revenues. Total revenues totaled ¥3,762.2 billion, representing an increase of ¥444.8 billion, or 13.4%, from ¥3,317.4 billion in the previous year. This was attributable in part to factors such as the yen's depreciation and the new consolidation of Edgen Group.

Gross Profit. Gross profit totaled ¥952.9 billion, up by ¥58.5 billion, or 6.5%, from ¥894.4 billion in the previous year. This was due to factors such as a robust performance by tubular products business in North America and the new consolidation of Edgen Group.

Selling, General and Administrative Expenses. Selling, general and administrative expenses totaled ¥755.2 billion, an increase of ¥48.8 billion, or 6.9%, from ¥706.4 billion in the previous year. This was owing mainly to the yen's depreciation, and to the new consolidation of Edgen Group.

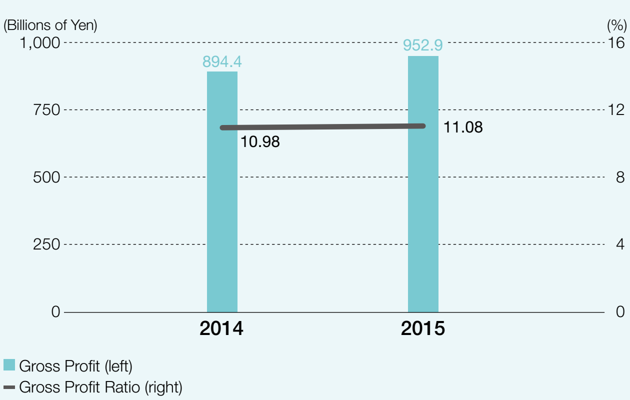
Impairment losses on long-lived assets. Impairment losses on long-lived assets totaled ¥278.6 billion, up by ¥247.2 billion, or 787.1%, from ¥31.4 billion in the previous year. This was owing mainly to impairment losses on Tight oil development project in the U.S., Shale gas project in the U.S., Coal-mining projects in Australia, Tire business in the U.S., and Oil field interests in the North Sea.

Share of profit of investments accounted for using the equity method. Share of profit of investments accounted for using the equity method totaled ¥49.1 billion, a decrease of ¥77.1 billion, or 61.1%, from ¥126.2 billion in the previous year. This was owing mainly to impairment losses on Iron ore mining project in Brazil.

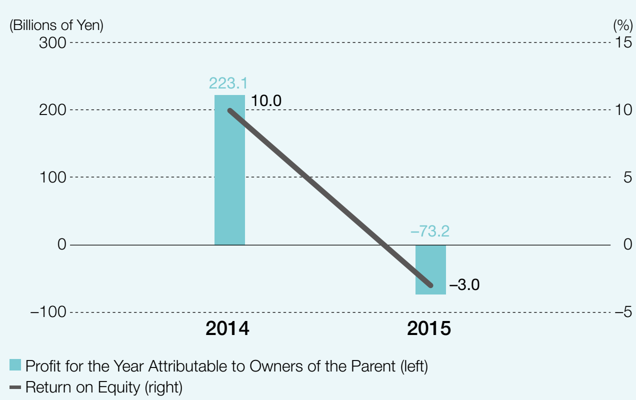
Profit (loss) for the year attributable to owners of the parent. As a result of the above, Profit (loss) for the year attributable to owners of the parent totaled a loss of ¥73.2 billion, representing a decline of ¥296.2 billion, from ¥223.1 billion in the previous year.

Comprehensive income for the year attributable to owners of the parent. Comprehensive income for the year attributable to owners of the parent totaled ¥146.0 billion, down by ¥265.6 billion, or 64.5%, from ¥411.5 billion in the previous year. This was due primarily to factors such as a decrease in Retained earnings by incurring Loss for the year attributable to owners of the parent despite an increase in Financial assets measured at fair value through other comprehensive income and in Exchange differences on translating foreign operations caused by yen's depreciation.

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



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



7. Operating Segment Analysis

We manage and assess our business using six operating segments, including five operating segments based on industries and one overseas operating segment 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 overseas regional operations. Our overseas operations, which are distinct from the industry-based business units, are conducted by our overseas subsidiaries, such as Sumitomo Corporation of Americas, 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 overseas regional operations constitute the "Overseas Subsidiaries and Branches" segment in our consolidated financial statements.

The following table sets forth our operating results by operating segments for the fiscal years ended March 31, 2015 and 2014.

Breakdown of Gross Profit by Operating Segment

	Billions of Yen				Millions of U.S. Dollars
For the years ended March 31, 2015 and 2014	2015	2014	Increase/ decrease	Increase/ decrease	2015
Metal Products	**¥103.5**	¥ 97.2	¥ 6.4	6.6%	**$ 863**
Transportation & Construction Systems	**133.9**	124.2	9.7	7.8	**1,116**
Environment & Infrastructure	**64.5**	63.7	0.8	1.3	**537**
Media, Network, Lifestyle Related Goods & Services	**288.7**	284.9	3.8	1.3	**2,406**
Mineral Resources, Energy, Chemical & Electronics	**86.9**	82.9	4.0	4.8	**724**
Overseas Subsidiaries and Branches	**277.5**	244.5	33.0	13.5	**2,313**
Segment Total	**955.0**	897.4	57.6	6.4	**7,959**
Corporate and Eliminations	**(2.1)**	(3.0)	(0.9)	30.0	**(18)**
Consolidated	**¥952.9**	¥894.4	¥58.5	6.5%	**$7,941**

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

	Billions of Yen				Millions of U.S. Dollars
For the years ended March 31, 2015 and 2014	2015	2014	Increase/ decrease	Increase/ decrease	2015
Metal Products	**¥32.5**	¥ 26.6	¥ 5.9	22.2 %	**$ 271**
Transportation & Construction Systems	**49.8**	48.7	1.1	2.3	**415**
Environment & Infrastructure	**22.9**	19.1	3.8	19.9	**191**
Media, Network, Lifestyle Related Goods & Services	**47.8**	54.4	(6.6)	(12.1)	**399**
Mineral Resources, Energy, Chemical & Electronics	**(191.0)**	23.6	(214.7)	—	**(1,592)**
Overseas Subsidiaries and Branches	**(22.7)**	41.4	(64.1)	—	**(189)**
Segment Total	**(60.6)**	213.9	(274.4)	—	**(505)**
Corporate and Eliminations	**(12.6)**	9.2	(21.8)	—	**(105)**
Consolidated	**(73.2)**	¥223.1	¥(296.2)	— %	**$ (610)**

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

Fiscal Year Ended March 31, 2015 Compared to Fiscal Year Ended March 31, 2014

Metal Products

Gross profit totaled ¥103.5 billion, an increase of ¥6.4 billion, or 6.6%, from ¥97.2 billion in the previous year. This was attributable to factors such as a robust performance by tubular products business in North America and the operations of steel service centers, in addition to new consolidation of Edgen Group. Profit (loss) for the year attributable to owners of the parent totaled ¥32.5 billion yen, an increase of ¥5.9 billion, or 22.2%, from ¥26.6 billion in the previous year.

Transportation & Construction Systems

Gross profit totaled ¥133.9 billion, an increase of ¥9.7 billion, or 7.8%, from ¥124.2 billion in the previous year. This was attributable to factors such as a robust performance by construction equipment rental business in the U.S. Profit (loss) for the year attributable to owners of the parent totaled ¥49.8 billion, an increase of ¥1.1 billion, or 2.3%, from ¥48.7 billion in the previous year. This was attributable to factors such as a steady performance of leasing business and the increase of gross profit as stated above.

Environment & Infrastructure

Gross profit totaled ¥64.5 billion, an increase of ¥0.8 billion, or 1.3%, from ¥63.7 billion in the previous year. Profit (loss) for the year attributable to owners of the parent totaled ¥22.9 billion, an increase of ¥3.8 billion, or 19.9%, from ¥19.1 billion in the previous year. This was attributable to factors such as the ongoing steady performance by overseas electric power infrastructure business.

Media, Network, Lifestyle Related Goods & Services

Gross profit totaled ¥288.7 billion, an increase of ¥3.8 billion, or 1.3%, from ¥284.9 billion in the previous year. Profit (loss) for the year attributable to owners of the parent totaled ¥47.8 billion, a decrease of ¥6.6 billion, or 12.1%, from ¥54.4 billion in the previous year. This was referred from impairment losses of ¥7.5 billion in Tire business in the U.S., although domestic major group companies showed robust performances.

Mineral Resources, Energy, Chemical & Electronics

Gross profit totaled ¥86.9 billion, an increase of ¥4.0 billion, or 4.8%, from ¥82.9 billion in the previous year. This was due mainly to a steady performance of San Cristobal silver-zinc-lead mining project in Bolivia. Profit (loss) for the year attributable to owners of the parent totaled to a loss ¥191.0 billion, a decrease of ¥214.7 billion, from ¥23.6 billion in the previous year. This was attributable to total impairment losses of ¥206.8 billion in Tight oil development project in the U.S., Iron ore mining project in Brazil, Shale gas project in the U.S., and Oil field interests in the North Sea, and to total losses of ¥21.0 billion from impairment losses and provisions for costs relating to placing the mine in care and maintenance in Coal-mining projects in Australia.

Overseas Subsidiaries and Branches

Gross profit totaled ¥277.5 billion, an increase of ¥33.0 billion, or 13.5%, from ¥244.5 billion in the previous year. This was due mainly to a robust performance of metal products business. Profit (loss) for the year attributable to owners of the parent totaled to a loss of ¥22.7 billion, a decrease of ¥64.1 billion, from ¥41.4 billion in the previous year. This was due to total impairment losses of ¥71.6 billion in Tight oil development project in the U.S., Iron ore mining project in Brazil, Shale gas project in the U.S., Oil field interests in the North Sea, and Tire business in the U.S., and to total losses of ¥3.5 billion from impairment losses and provisions for costs relating to placing the mine in care and maintenance in Coal-mining projects in Australia, although metal products business showed a robust performance.

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, 2015, we had ¥4,421.3 billion of bonds and borrowings. Our short-term debt, excluding current maturities of long-term debt, was ¥439.4 billion, an increase of ¥28.4 billion from the previous year. Our short-term debt consisted of ¥324.6 billion of loans, principally from banks, and ¥114.8 billion of commercial paper.

As of March 31, 2015, we had bonds and long-term debt of ¥3,981.9 billion, an increase of ¥153.9 billion from the previous year, including current maturities of ¥508.6 billion. As of March 31, 2015, the balance of our borrowings from banks and insurance companies was ¥3,487.3 billion, an increase of ¥145.5 billion from the previous year, and the balance of notes and bonds was ¥494.6 billion, an increase of ¥8.4 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, 2015, 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 Americas 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, 2015, our long-term and short-term credit ratings are A2/P-1 (outlook negative) from Moody's Investors Service, A-/A-2 from Standard & Poor's and AA-/a-1+ (outlook negative) 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 Americas;
- U.S.$3,000 million Euro Medium Term Note program jointly established by Sumitomo Corporation Capital Europe, Sumitomo Corporation of Americas 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, 2015, Total assets stood at ¥9,021.4 billion, representing an increase of ¥352.6 billion from the previous fiscal year-end due to new investments and the yen's depreciation despite a decrease caused by impairment losses in the several projects including Tight oil development project in the

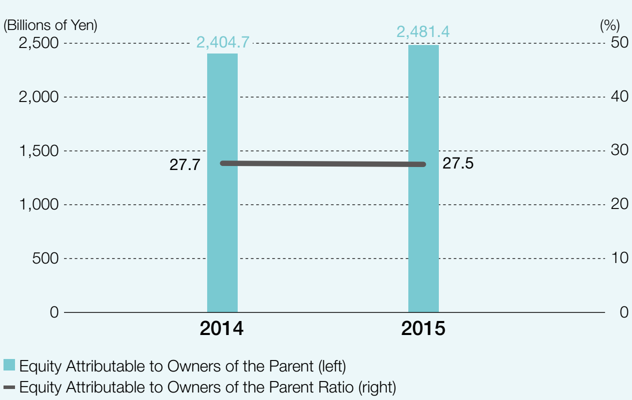
U.S. and Iron ore mining project in Brazil.

As of March 31, 2015, Equity attributable to owners of the parent totaled to ¥2,481.4 billion, an increase of ¥76.8 billion from the previous fiscal year-end, due primarily to an increase in Exchange differences on translating foreign operations caused by the yen's depreciation despite a decrease in Retained earnings by incurring Loss for the year attributable to owners of the parent. The ratio of Equity attributable to owners of the parent to Total assets was 27.5%. Meanwhile, Interest-bearing liabilities (net) rose by ¥394.1 billion from the previous fiscal year-end, to ¥3,517.5 billion. Consequently, the net debt-equity ratio (Interest-bearing liabilities (net)/ Equity attributable to owners of the parent) was 1.4.

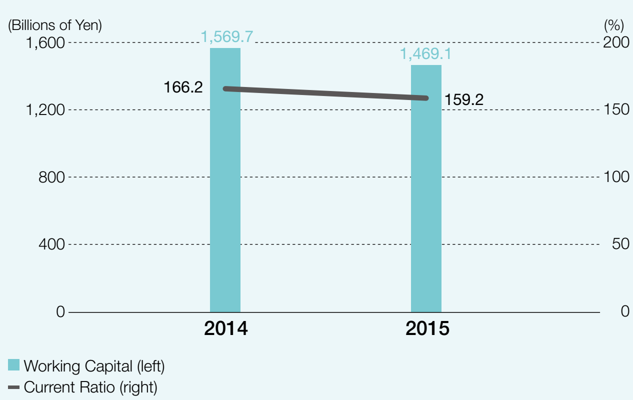
Liquidity and Capital Resources

	Billions of Yen		Millions of U.S. Dollars
As of March 31, 2015 and 2014	**2015**	2014	**2015**
Short-term	**¥ 439.4**	¥ 411.0	**$ 3,661**
Loans, principally from banks	**324.6**	316.9	**2,705**
Commercial paper	**114.8**	94.0	**956**
Long-term, including current maturities of long-term debt	**3,981.9**	3,828.0	**33,183**
Secured long-term debt			
Loans	**461.1**	432.6	**3,842**
Bonds	**46.5**	46.7	**388**
Unsecured long-term debt			
Loans	**3,026.2**	2,909.2	**25,219**
Bonds and notes	**448.1**	439.5	**3,734**
Interest-bearing liabilities (gross)	**4,421.3**	4,238.9	**36,844**
Cash and cash equivalents & time deposits	**903.7**	1,115.5	**7,531**
Interest-bearing liabilities (net)	**3,517.5**	3,123.5	**29,313**
Total assets	**9,021.4**	8,668.7	**75,178**
Equity attributable to owners of the parent	**2,481.4**	2,404.7	**20,679**
Equity attributable to owners of the parent ratio (%)	**27.5**	27.7	**27.5**
Debt-Equity Ratio (gross) (times)	**1.8**	1.8	**1.8**
Debt-Equity Ratio (net) (times)	**1.4**	1.3	**1.4**

Equity Attributable to Owners of the Parent & Equity Attributable to Owners of the Parent Ratio



Working Capital & Current Ratio (Current Assets / Current Liabilities)



Financial Section

The following table sets forth our cash flow information for the fiscal years ended March 31, 2015, and 2014:

Summary Statements of Consolidated Cash Flows

For the years ended March 31, 2015 and 2014	Billions of Yen 2015	Billions of Yen 2014	Millions of U.S. Dollars 2015
Net cash from operating activities	**¥ 243.7**	¥ 278.2	**$ 2,031**
Net cash used in investing activities	**(399.6)**	(249.9)	**(3,330)**
Free cash flow	**(155.9)**	28.4	**(1,299)**
Net cash from (used in) financing activities	**(74.8)**	145.9	**(623)**
Net (decrease) increase in cash and cash equivalents	**(230.7)**	174.3	**(1,922)**
Cash and cash equivalents at the beginning of year	**1,111.2**	924.5	**9,260**
Effect of exchange rate changes on cash and cash equivalents	**15.4**	12.4	**128**
Cash and cash equivalents at the end of year	**¥ 895.9**	¥1,111.2	**$ 7,466**

Net cash provided by operating activities totaled ¥243.7 billion, as our core businesses performed well in generating cash.

Net cash used in investing activities was ¥399.6 billion due mainly to new investments of approx. ¥450.0 billion.

As a result, Free cash flow, calculated as Net cash provided by operating activities plus Net cash used in investing activities, totaled ¥155.9 billion outflow.

Net cash used in financing activities was ¥74.8 billion.

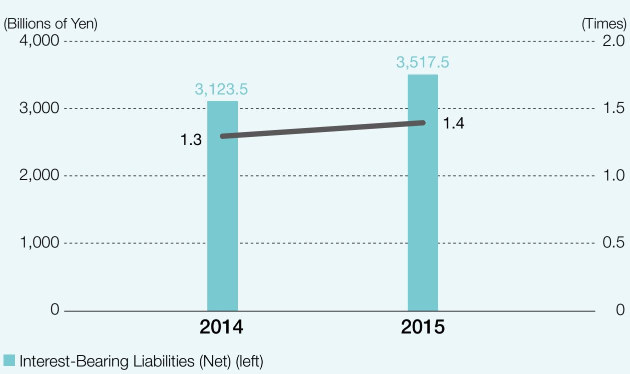
As a result, Cash and cash equivalents as of March 31, 2015 decreased by ¥215.3 billion from March 31, 2014 to ¥895.9 billion.

As of March 31, 2015, our contractual cash obligations for the periods indicated were as follows:

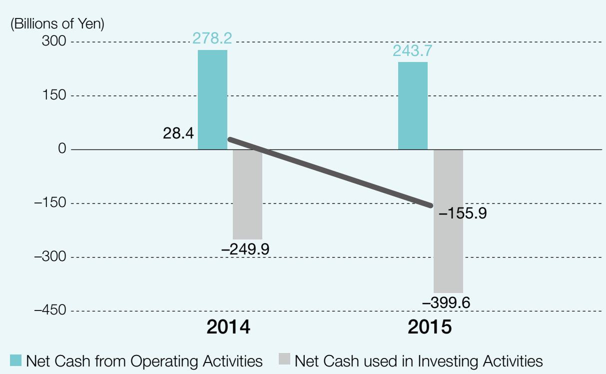
Payments Due by Period

	Billions of Yen: Bonds and borrowings	Billions of Yen: Non-cancelable operating leases
Less than 1 year	¥ 948.0	¥ 45.8
1–2 years	618.8	42.2
2–3 years	538.0	38.3
3–4 years	424.9	35.2
4–5 years	434.3	32.0
More than 5 years	1,457.3	215.6
Total	¥4,421.3	¥409.1

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



Cash Flows



As of March 31, 2015, we had financing commitments in connection with loan, investments in equity capital and we had contracts for the use of equipment, the aggregate amount of ¥1,055.3 billion.

As of March 31, 2015, 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 ¥248.0 billion in property, plant and equipment and made ¥266.6 billion of other investments in the fiscal year ended March 31, 2015. 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, 2015, we were contingently liable for guarantees (continuing through 2040) in the aggregate amount of ¥275.3 billion, including ¥155.5 billion relating to our associated companies and ¥0.6 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 ¥6.5 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, 2015.

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, 2015, 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	January 1, 2018	March 31, 2019	New requirements for general hedge accounting Limited amendments to the requirements of classification and measurement of financial assets, and new requirements for impairment
IFRS 10	Consolidated Financial Statements	January 1, 2016	March 31, 2017	Accounting for the sale or contribution of assets between an investor and its associate or joint venture Clarification of requirements when accounting for investment entities
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, 2016	March 31, 2017	Clarification of disclosure requirements relating to 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 1	Presentation of Financial Statements	January 1, 2016	March 31, 2017	Clarification of requirements for presentation and disclosure in financial reports
IAS 16	Property, Plant and Equipment	January 1, 2016	March 31, 2017	Clarification of acceptable methods of depreciation Accounting for biological assets that meet the definition of a bearer plant
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 28	Investments in Associates and Joint Ventures	January 1, 2016	March 31, 2017	Accounting for the sale or contribution of assets between an investor and its associate or joint venture Clarification of requirements when accounting for investment entities
IAS 38	Intangible Assets	January 1, 2016	March 31, 2017	Clarification of acceptable methods of amortization
IAS 41	Agriculture	January 1, 2016	March 31, 2017	Accounting for a produce growing on bearer plants

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 the departments which Chief Financial Officer of the Corporate Group manages. In particular, interest rate fluctuations will impact our borrowing costs because a significant amount of our outstanding debt instruments is floating rate instruments and because we have short-term borrowings that we refinance from time to time. However, the impact on our borrowing costs will be partially offset by increased returns on certain of our assets, which will also be impacted by interest rate fluctuations. In addition, we are engaged in financing activities, such as automobile financing, which could be affected by interest rate fluctuations. To manage this risk, we enter into interest rate swap agreements, future contracts and option contracts that serve to modify and match the interest rate characteristics of our assets and liabilities.

Foreign Currency Exchange Rate Risk

The nature of our global operations expose us to market risks caused by fluctuations in foreign currency exchange rates related to imports, exports and financing in currencies other than the local currency. In order to mitigate foreign currency exchange rate risks, except for certain risks including the risk associated with foreign investments considered to be permanent, we use derivative instruments including foreign exchange forward contracts, currency swap agreements and currency option contracts with third parties in addition to borrowing and deposit transactions denominated in foreign currencies.

Commodity Price Risk

We trade in commodities such as physical precious and base metals, energy products (crude oil and refined oil products) and agricultural products (wheat, coffee, sugar and others), and engage in investments in metal mining, and oil and gas development. As a result of these activities, we are exposed to commodity price risks. We intend to reduce commodity price risks by hedging sales, matching the volume and timing of selling and purchasing commodities, or using derivatives. We use derivatives for trading purposes within well-defined position limits and loss limits.

Equity Price Risk

We are exposed to equity price risk inherent in stock we hold in financial institutions and our customers and suppliers for strategic purposes and in the other investments held by us. We do not engage in continuous hedging measures against the market exposures on those securities. As of March 31, 2015, we had fair value exposure on our marketable equity securities in the aggregate amount of ¥367.1 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 departments which Chief Financial Officer manages provide 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—25. 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, 2015 and 2014

	Millions of Yen		Millions of U.S. Dollars
ASSETS	2015	2014	2015
Current assets:			
Cash and cash equivalents	**¥ 895,875**	¥1,111,192	**$ 7,466**
Time deposits	**7,866**	4,283	**66**
Marketable securities (Note 6)	**9,622**	33,683	**80**
Trade and other receivables (Note 7)	**1,569,214**	1,549,363	**13,077**
Other financial assets	**101,706**	44,591	**847**
Inventories (Note 9)	**994,404**	872,030	**8,287**
Advance payments to suppliers	**140,935**	136,357	**1,174**
Other current assets (Note 15)	**229,062**	187,999	**1,909**
Total current assets	**3,948,684**	3,939,498	**32,906**
Non-current assets:			
Investments accounted for using the equity method (Note 10)	**1,947,115**	1,683,829	**16,226**
Other investments (Note 6)	**495,451**	510,450	**4,129**
Trade and other receivables (Note 7)	**780,781**	722,064	**6,507**
Other financial assets	**174,403**	115,633	**1,453**
Property, plant and equipment (Note 11)	**884,766**	921,157	**7,373**
Intangible assets (Note 12)	**365,438**	367,906	**3,045**
Investment property (Note 13)	**269,460**	256,602	**2,246**
Biological assets (Note 14)	**12,851**	12,993	**107**
Prepaid expenses	**58,497**	46,195	**487**
Deferred tax assets (Note 15)	**83,924**	92,411	**699**
Total non-current assets	**5,072,686**	4,729,240	**42,272**
Total assets (Note 4)	**¥9,021,370**	¥8,668,738	**$75,178**

LIABILITIES AND EQUITY	Millions of Yen 2015	Millions of Yen 2014	Millions of U.S. Dollars 2015
Current liabilities:			
Bonds and borrowings (Note 16)	**¥ 947,997**	¥ 876,379	**$ 7,900**
Trade and other payables (Note 17)	**1,051,081**	1,076,713	**8,759**
Other financial liabilities	**77,005**	43,790	**642**
Income tax payables	**19,396**	25,414	**162**
Accrued expenses	**127,982**	106,796	**1,066**
Advances from customers	**169,664**	168,412	**1,414**
Provisions (Note 18)	**4,306**	6,230	**36**
Other current liabilities	**82,189**	66,090	**685**
Total current liabilities	**2,479,620**	2,369,824	**20,664**
Non-current liabilities:			
Bonds and borrowings (Note 16)	**3,473,280**	3,362,553	**28,944**
Trade and other payables (Note 17)	**131,661**	138,286	**1,097**
Other financial liabilities	**69,775**	46,611	**582**
Accrued pension and retirement benefits (Note 19)	**32,529**	29,353	**271**
Provisions (Note 18)	**48,247**	41,130	**402**
Deferred tax liabilities (Note 15)	**169,008**	140,797	**1,408**
Total non-current liabilities	**3,924,500**	3,758,730	**32,704**
Total liabilities	**6,404,120**	6,128,554	**53,368**
Equity:			
Common stock (Note 20)	**219,279**	219,279	**1,827**
Additional paid-in capital (Note 21)	**260,009**	268,332	**2,167**
Treasury stock	**(3,721)**	(3,952)	**(31)**
Other components of equity (Note 22)	**531,343**	346,222	**4,428**
Retained earnings (Note 21)	**1,474,522**	1,574,789	**12,288**
Equity attributable to owners of the parent	**2,481,432**	2,404,670	**20,679**
Non-controlling interests	**135,818**	135,514	**1,131**
Total equity	**2,617,250**	2,540,184	**21,810**
Total liabilities and equity	**¥9,021,370**	¥8,668,738	**$75,178**

See the accompanying notes to the consolidated financial statements.

Financial Section

Consolidated Statement of Comprehensive Income

Sumitomo Corporation and Subsidiaries
For the years ended March 31, 2015 and 2014

	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Revenues:			
Sales of tangible products	¥ 3,129,946	¥ 2,727,867	$ 26,083
Sales of services and others	632,290	589,539	5,269
Total revenues (Notes 4,13 and 29)	3,762,236	3,317,406	31,352
Cost:			
Cost of tangible products sold	(2,629,241)	(2,271,461)	(21,910)
Cost of services and others	(180,054)	(151,529)	(1,501)
Total cost (Notes 8,13,19 and 29)	(2,809,295)	(2,422,990)	(23,411)
Gross profit (Note 4)	952,941	894,416	7,941
Other income (expenses):			
Selling, general and administrative expenses (Note 27)	(755,190)	(706,353)	(6,293)
Impairment losses on long-lived assets (Notes 11,12 and 13)	(278,620)	(31,407)	(2,322)
Gain (loss) on sale of long-lived assets, net	9,450	11,586	79
Other, net (Note 28)	(12,955)	3,508	(108)
Total other income (expenses)	(1,037,315)	(722,666)	(8,644)
Operating profit (loss)	(84,374)	171,750	(703)
Finance income (costs):			
Interest income	20,718	13,874	172
Interest expense	(33,680)	(31,316)	(281)
Dividends	17,242	14,872	144
Gain (loss) on securities and other investments, net	12,441	8,840	104
Finance income (costs), net (Note 29)	16,721	6,270	139
Share of profit of investments accounted for using the equity method (Note 10)	49,092	126,226	409
Profit (loss) before tax	(18,561)	304,246	(155)
Income tax expense (Note 30)	(52,256)	(70,388)	(435)
Profit (loss) for the year	(70,817)	233,858	(590)
Profit (loss) for the year attributable to:			
Owners of the parent (Note 4)	¥ (73,170)	¥ 223,064	$ (610)
Non-controlling interests	2,353	10,794	20
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Financial assets measured at fair value through other comprehensive income	64,845	43,039	540
Remeasurements of defined benefit pension plans	(587)	1,861	(5)
Share of other comprehensive income of investments accounted for using the equity method	2,162	4,184	18
Total items that will not be reclassified to profit or loss	66,420	49,084	553
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations	163,746	147,333	1,365
Cash-flow hedges	3,171	1,273	26
Share of other comprehensive income of investments accounted for using the equity method	(7,815)	(2,247)	(65)
Total items that may be reclassified subsequently to profit or loss	159,102	146,359	1,326
Other comprehensive income, net of tax (Note 22)	225,522	195,443	1,879
Comprehensive income for the year	154,705	429,301	1,289
Comprehensive income for the year attributable to:			
Owners of the parent	¥ 145,989	¥ 411,549	$ 1,216
Non-controlling interests	8,716	17,752	73

	Yen		U.S. Dollars
Earnings per share (attributable to owners of the parent) (Note 31)**:**			
Basic	¥ (58.64)	¥ 178.59	$ (0.49)
Diluted	(58.64)	178.46	(0.49)

	Millions of Yen		Millions of U.S. Dollars
Total trading transactions	¥ 8,596,699	¥ 8,146,184	$ 71,639

* 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, 2015 and 2014

	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Equity (Note 20)**:**			
Common stock:			
Balance, beginning of year	¥ 219,279	¥ 219,279	$ 1,827
Balance, end of year	219,279	219,279	1,827
Additional paid-in capital (Note 21)**:**			
Balance, beginning of year	268,332	269,285	2,236
Acquisition (disposal) of non-controlling interests, net	(3,459)	911	(29)
Others	(4,864)	(1,864)	(40)
Balance, end of year	260,009	268,332	2,167
Treasury stock:			
Balance, beginning of year	(3,952)	(232)	(33)
Acquisition (disposal) of treasury stock, net (Note 24)	231	(3,720)	2
Balance, end of year	(3,721)	(3,952)	(31)
Other components of equity (Note 22)**:**			
Balance, beginning of year	346,222	173,044	2,885
Other comprehensive income for the year	219,159	188,485	1,826
Transfer to retained earnings	(34,038)	(15,307)	(283)
Balance, end of year	531,343	346,222	4,428
Retained earnings (Note 21)**:**			
Balance, beginning of year	1,574,789	1,391,440	13,123
Transfer from other components of equity	34,038	15,307	284
Profit (loss) for the year attributable to owners of the parent	(73,170)	223,064	(610)
Cash dividends (Note 23)	(61,135)	(55,022)	(509)
Balance, end of year	1,474,522	1,574,789	12,288
Equity attributable to owners of the parent	¥2,481,432	¥2,404,670	$20,679
Non-controlling interests:			
Balance, beginning of year	135,514	123,066	1,129
Cash dividends to non-controlling interests	(3,872)	(3,378)	(33)
Acquisition (disposal) of non-controlling interests and others, net	(4,540)	(1,926)	(38)
Profit for the year attributable to non-controlling interests	2,353	10,794	20
Other comprehensive income for the year (Note 22)	6,363	6,958	53
Balance, end of year	135,818	135,514	1,131
Total equity	¥2,617,250	¥2,540,184	$21,810
Comprehensive income for the year attributable to:			
Owners of the parent	145,989	411,549	1,216
Non-controlling interests	8,716	17,752	73
Total comprehensive income for the year	¥ 154,705	¥ 429,301	$ 1,289

See the accompanying notes to the consolidated financial statements.

Consolidated Statement of Cash Flows

Sumitomo Corporation and Subsidiaries
For the years ended March 31, 2015 and 2014

	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Operating activities (Note 32)**:**			
Profit (loss) for the year	¥ (70,817)	¥ 233,858	$ (590)
Adjustments to reconcile profit for the year to net cash provided by operating activities:			
Depreciation and amortization	117,687	106,525	981
Impairment losses on long-lived assets	278,620	31,407	2,322
Finance (income) costs, net	(16,721)	(6,270)	(139)
Share of profit of investments accounted for using the equity method	(49,092)	(126,226)	(409)
(Gain) loss on sale of long-lived assets, net	(9,450)	(11,586)	(79)
Income tax expense	52,256	70,388	435
(Increase) decrease in inventories	(48,657)	16,309	(406)
Decrease (increase) in trade and other receivables	94,399	(33,197)	787
Increase in prepaid expenses	(14,503)	(6,502)	(121)
Decrease in trade and other payables	(67,246)	(26,777)	(560)
Other, net	(54,542)	(7,794)	(454)
Interest received	20,022	12,490	167
Dividends received	85,938	92,887	716
Interest paid	(33,216)	(27,708)	(277)
Income tax paid	(40,983)	(39,567)	(342)
Net cash from operating activities	243,695	278,237	2,031
Investing activities (Note 32)**:**			
Proceeds from sale of property, plant and equipment	14,569	12,187	121
Proceeds from sale of investment property	18,846	62,271	157
Proceeds from sale of subsidiaries, net of cash and cash equivalents disposed of	25,057	7,245	209
Proceeds from sale of other investments	170,061	147,326	1,417
Collection of loan receivables	486,090	382,815	4,051
Purchase of property, plant and equipment	(247,965)	(196,740)	(2,066)
Purchase of investment property	(27,384)	(46,293)	(228)
Acquisition of subsidiaries, net of cash and cash equivalents acquired	(6,790)	(54,050)	(57)
Acquisition of other investments	(266,580)	(124,440)	(2,221)
Increase in loan receivables	(565,490)	(440,173)	(4,713)
Net cash used in investing activities	(399,586)	(249,852)	(3,330)
Financing activities (Note 32)**:**			
Net increase in short-term debt	(10,360)	12,908	(86)
Proceeds from issuance of long-term debt	654,063	651,684	5,450
Repayment of long-term debt	(649,697)	(457,807)	(5,414)
Cash dividends paid	(61,135)	(55,022)	(509)
Capital contribution from non-controlling interests	1,073	1,568	9
Payment for acquisition of subsidiary's interests from non-controlling interests	(4,963)	(223)	(41)
Payment of dividends to non-controlling interests	(3,872)	(3,378)	(33)
(Acquisition) disposal of treasury stock, net	115	(3,822)	1
Net cash (used in) provided by financing activities	(74,776)	145,908	(623)
Net (decrease) increase in cash and cash equivalents	(230,667)	174,293	(1,922)
Cash and cash equivalents at the beginning of year	1,111,192	924,513	9,260
Effect of exchange rate changes on cash and cash equivalents	15,350	12,386	128
Cash and cash equivalents at the end of year	¥ 895,875	¥1,111,192	$ 7,466

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, 2015 and 2014

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, 2015 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 a principal and an 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, 2015 is included solely for the convenience of readers and has been made at the rate of ¥120 = U.S. $1, the approximate exchange rate prevailing at the Federal Reserve Bank of New York on March 31, 2015. 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:

- Note 7—Revenue Recognition

- Note 8—Accounting for Arrangement containing a Lease
- Notes 25 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 11, 12 and 13—Impairment of Non-financial Assets
- Note 15—Use of Tax Losses
- Note 19—Measurement of Defined Benefit Obligations
- Notes 18 and 35—Provisions and Contingencies

(5) Changes in Accounting Policies

The Companies have applied the Standards and Interpretations required to be adopted from the fiscal year ended March 31, 2015. These applications had no material effect on the consolidated financial statements.

3. Significant Accounting Policies

Significant accounting policies applied in the preparation of the accompanying consolidated financial statements are summarized below:

(1) Basis of Consolidation

1. Business combinations

The Companies have applied International Financial Reporting Standard No. 3 *Business Combinations* ("IFRS 3") and International Financial Reporting Standard No. 10 *Consolidated Financial Statements* to all business combinations.

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

The Companies control an investee when the Companies are exposed, or have rights, to variable returns from their involvement with the investee and have the ability to affect those returns through their power over the investee. The acquisition date is the date when the control is transferred to the acquirer. Judgments may be required in deciding the acquisition date and as to whether the control is transferred from one party to another.

Goodwill is measured at the fair value of the considerations transferred, including the recognized amount of any non-controlling interests in the acquiree at the date of acquisition, less the net recognized amount of the identifiable assets acquired and the liabilities assumed at the acquisition date (ordinarily measured at fair value).

The considerations transferred include the fair value of the assets transferred from the Companies to the former owners of the acquiree, assumed liabilities, and equity interest issued by the Companies. The considerations transferred also include the fair value of contingent consideration.

The contingent liabilities of the acquiree are recognized in the business combinations if, and only if, they are present obligations that arose from past events and their fair value can be measured with sufficient reliability.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

Acquisition-related costs incurred by the Companies in connection with business combinations such as finder's fees and legal, due diligence and other professional or consulting fees are recognized as expenses when incurred.

Additional acquisitions of non-controlling interests are accounted for as equity transactions, and no goodwill is recognized.

The identifiable assets acquired, the liabilities and contingent liabilities assumed in accordance with the recognition principles of IFRS 3 are measured at their fair values at the acquisition date, except:

- Deferred tax assets or liabilities and liabilities (or assets) related to employee benefit arrangements are recognized and measured in accordance with International Accounting Standard No. 12 *Income Taxes* and International Accounting Standard No. 19 *Employee Benefits*, respectively; and
- Non-current assets and operations classified as held for sale are measured in accordance with International Financial Reporting Standard No. 5 *Non-current Assets Held for Sale and Discontinued Operations*.

If the initial accounting for business combinations is incomplete by the end of the reporting period in which the business combinations occur, the Companies report provisional amounts for the items for which the acquisition accounting is incomplete. Those provisional amounts are retrospectively adjusted during the measurement period to reflect new information obtained about facts and circumstances that existed at the acquisition date and, if known, would have affected the amounts recognized at that date. Additional assets or liabilities are recognized if new information, if known, would have resulted in the additional recognition of assets or liabilities. The measurement period does not exceed one year.

2. Subsidiaries

Subsidiaries are entities which are controlled by the Companies. The financial statements of subsidiaries are included in the consolidated financial statements from the date when control is obtained until the date when it is lost. The accounting policies of subsidiaries have been adjusted in order to ensure consistency with the accounting policies adopted by the Company, when necessary.

The consolidated financial statements include the financial statements of certain subsidiaries, of which the end of the reporting period is different from that of the Company because it is impracticable to unify the end of the reporting period of the subsidiaries with that of the Company. Due to the requirement of local laws and regulations, it is impracticable to unify the closing dates with that of the Company. It is also impracticable to prepare additional financial statements as of the same date as the financial statements of the Company due to the characteristics of the local business and the IT environment for the accounting system. The difference between the end of the reporting period of subsidiaries and that of the Company does not exceed three months.

When the financial statements of subsidiaries used in the preparation of the consolidated financial statements are prepared as of the dates different from the end of the reporting period of the Company, adjustments are made for the effects of significant transactions or events that occur between the end of the reporting period of the subsidiaries and that of the Company.

On the disposal of interests in subsidiaries, if the Companies retain control over the subsidiaries, they are accounted for as equity transactions. Any difference between the adjustment to the non-controlling interests and the fair value of the consideration received is recognized directly in equity as “Equity attributable to owners of the parent.”

3. Business combinations of entities under common control

Business combinations of entities under common control are business combinations in which all the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. The Companies have consistently accounted for all such transactions based on carrying amounts.

4. Associates and joint arrangements

Associates are entities over which the Companies have significant influence but do not have control to govern the financial and operating policies. Significant influence is presumed to exist when the Companies hold between 20 % and 50 % of the voting power of another entity.

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

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

Investments in associates and joint ventures (“equity-accounted investees”) are accounted for using the equity method, and recognized at cost on acquisition. The investments include goodwill identified on acquisition (net of accumulated impairment losses).

The Companies’ share of the income and expenses of the equity-accounted investees and changes in the Companies’ share in equity are included in the consolidated financial statements from the date when significant influence or joint control is obtained until the date when it is lost. The accounting policies of equity-accounted investees have been adjusted when necessary to ensure consistency with those applied by the Company.

The consolidated financial statements include some equity-accounted investees, of which the end of the reporting period is different from that of the Company because it is impracticable to unify the end of the reporting date of those equity-accounted investees with that of the Company in connection with other share holders and for other reasons. The end of the reporting period of those equity-accounted investees is mainly the end of December. Adjustments are made for the effects of significant transactions or events that occur due to differences in the end of the reporting period.

5. Transactions eliminated in consolidation

All inter-company transactions, balances, and any unrealized gains and losses arising from inter-company transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains on transactions with equity-accounted investees are eliminated to the extent of the Companies’ interest in the investees. Unrealized losses are eliminated in the same way as unrealized gains unless there is evidence of impairment.

(2) Foreign Currencies

1. Foreign currency transactions

Foreign currency transactions are translated into functional currencies of individual companies using the spot exchange rate at the date of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are retranslated into functional currencies using the spot exchange rate at the reporting date. Exchange differences on monetary items are the differences between the amortized costs denominated in functional currencies at the beginning of the reporting period adjusted by effective interest and interest payments during the year, and the amortized costs denominated in foreign currencies translated using the spot exchange rate at the reporting date. Non-monetary assets and liabilities measured at fair value that are denominated in foreign currencies are retranslated using the spot exchange rates at the date when the fair value was determined.

Exchange differences arising from retranslation are recognized in profit or loss. However, exchange differences arising from FVTOCI financial assets, hedges of a net investment in foreign operations (see 3. below) and cash-flow hedges are recognized in other comprehensive income. Non-monetary items measured at historical cost in foreign currencies are translated using the spot exchange rate at the date of the transaction.

2. Foreign operations

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

Exchange differences arising from translation of financial statements of foreign operations are recognized in other comprehensive income.

These differences are presented as "Exchange differences on translating foreign operations" in Other components of equity after the date of transition to IFRSs. On disposal of the entire interest in foreign operations, and on the partial disposal of the interest involving loss of control, significant influence or joint control, the cumulative amount of the exchange differences is reclassified to profit or loss as a part of gains or losses on disposal.

3. Hedges of a net investment in foreign operations

The Companies apply hedge accounting to a part of the exchange differences arising between the functional currencies of foreign operations and the Company's functional currency (Japanese Yen), regardless of whether investments in foreign operations are held directly by the Company or indirectly through its subsidiaries.

Exchange differences arising from the retranslation of financial instruments designated as hedging instruments for a net investment in foreign operations are recognized in other comprehensive income to the extent that the hedge is effective, and are presented as "Exchange differences on translating foreign operations" in Other components of equity. The ineffective portion of the gains or losses on the hedging instruments is recognized in profit or loss. On disposal of hedged portion of net investments, the cumulative amount of exchange differences is reclassified to profit or loss as a part of gains or losses on disposal.

(3) Financial Instruments

The Companies have early-applied International Financial Reporting Standard No. 9 *Financial Instruments (issued in November 2009, revised in October 2010)* ("IFRS 9") to the accounting for financial instruments.

1. Non-derivative financial assets

The Companies recognize trade and other receivables on the date they are originated.

All other financial assets are recognized on the contract date when the Companies become a party to the contractual provisions of the instrument.

The following is a summary of the classification and measurement model of the non-derivative financial assets;

Financial assets measured at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- The contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at amortized cost are initially measured at fair value (plus directly attributable transaction costs). Subsequently, the carrying amount of the financial assets measured at amortized cost is calculated using the effective interest method, less impairment loss when necessary.

Financial assets measured at FVTPL

Financial assets other than equity instruments that do not meet the above conditions in relation to amortized cost measurement are measured at FVTPL. Those financial assets include financial assets held for trading.

Equity investments are measured at fair value with gains or losses on re-measurement recognized in profit or loss unless the Companies make an irrevocable election to measure equity investments as at FVTOCI on initial recognition.

Financial assets measured at FVTPL are initially measured at fair value and transaction costs are recognized in profit or loss when they occur.

Financial assets measured at FVTOCI

On initial recognition, the Companies may make an irrevocable election to measure investments in equity instruments as at FVTOCI. The election is made only for the equity investment other than held for trading.

Financial assets measured at FVTOCI are initially measured at their fair value (including directly attributable transaction costs). Subsequently, they are measured at fair value, and gains and losses arising from changes in fair value are recognized in other comprehensive income and presented as "Financial assets measured at fair value through other comprehensive income" in Other components of equity. The amount of Other components of equity is transferred directly to retained earnings, not to profit or loss, when the equity investment is derecognized or the decline in its fair value compared to its acquisition cost is significant and other-than-temporary.

However, dividends on financial assets measured at FVTOCI are recognized in profit or loss as finance income.

Derecognition of financial assets

The Companies derecognize a financial asset when the contractual rights to the cash flows from the asset expire, or when the Companies transfer the contractual rights 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 are recognized as a separate asset or liability.

2. Cash and cash equivalents

Cash and cash equivalents are cash and highly liquid investments that are readily convertible to known amounts of cash, including short-term time deposits with original maturities of three months or less.

3. Non-derivative financial liabilities

Debt securities issued are initially recognized on the issue date. All other financial liabilities are recognized when the Companies become a party to the contractual provisions of the instruments.

The Companies derecognize financial liabilities when they are extinguished, i.e. when the obligation specified in the contract is discharged, cancelled or expired.

The Companies classify borrowings, corporate bonds, trade payables and other payables as non-derivative financial liabilities, and initially measure them at fair value (minus directly attributable transaction costs).

Non-derivative financial liabilities held for trading are measured at fair value after initial recognition and the change in fair value is recognized in profit or loss. Non-derivative financial liabilities held for other than trading are measured at amortized cost using the effective interest method after initial recognition.

4. Equity

Common stock

Proceeds from issuance of equity instruments by the Company are included in "Common stock" and "Additional paid-in capital." The direct issue costs (net of tax) are deducted from "Additional paid-in capital."

Treasury stock

When the Companies reacquire treasury stocks, the consideration paid, net of direct transaction costs and tax, is recognized as a deduction from equity. When the Companies sell treasury stocks, the consideration received is recognized as an increase in equity.

5. Derivatives including hedge accounting

The Companies utilize derivatives to manage interest rate risk, foreign currency risk and the risk of the price fluctuation of commodity inventories and trading commitments. The primary derivatives used by the Companies include foreign exchange forward contracts, currency swaps, interest rate swaps and commodity future contracts.

At the initial designation of the hedging relationship, the Companies document the relationship between the hedging instrument and the hedged item, along with their risk management objective and strategy for undertaking the hedge, the hedging instrument, the hedged item, the nature of the risk being hedged, and how the hedging instrument's effectiveness in offsetting the hedged risk will be assessed.

At the inception of the hedge and on an ongoing basis, the Companies assess whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk throughout the period for which the hedge is designated.

To qualify as a cash flow hedge of a forecast transaction, the transaction must be highly probable.

Derivatives are initially recognized at fair value with transaction costs recognized in profit or loss when they occur. Subsequently, derivatives are measured at fair value, and gains and losses arising from changes in fair value are accounted for as follows:

Fair value hedges

The changes in the fair value of the hedging instrument are recognized in profit or loss. The carrying amounts of the hedged items are measured at fair value and the gains or losses on the hedged items attributable to the hedged risks are recognized in profit or loss.

Cash flow hedges

When derivatives are designated as a hedging instrument to hedge the exposure to variability in cash flows that are attributable to a particular risk associated with recognized assets or liabilities or highly probable forecast transactions which could affect profit or loss, the effective portion of changes in the fair value of the derivatives is recognized in other comprehensive income and included in “Cash flow hedges” in the Other components of equity. The balances of cash flow hedges are reclassified to profit or loss from other comprehensive income in the periods when the cash flows of the hedged items affect profit or loss, in the same line items of the Consolidated statement of comprehensive income as those of the hedged items. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss.

Hedge accounting is discontinued prospectively when the hedge no longer qualifies for hedge accounting, or when the hedging instrument expires or is sold, terminated or exercised, or when the designation is revoked.

When hedge accounting is discontinued, the balances of cash flow hedges remain in equity until the forecast transaction affects profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in profit or loss.

6. Derivatives held for trading and others

The Companies hold derivatives for hedging purposes which do not qualify for hedge accounting. The Companies also hold derivatives for trading purposes as opposed to hedging purposes. Any changes in fair value of these derivatives are recognized immediately in profit or loss.

7. Presentation for financial instruments

Financial assets and liabilities are offset and the net amounts are presented in the consolidated statement of financial position when, and only when, the Companies currently have a legally enforceable right to set off the recognized amounts and intend either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

(4) Inventories

Inventories mainly consist of commodities, materials/work in progress, and real estate held for development and resale.

Inventories are measured at the lower of cost and net realizable value. Net realizable value represents the estimated selling price in the ordinary course of business less any estimated costs of completion and the estimated costs necessary to make the sale.

Inventories acquired with the purpose of generating profits from short-term fluctuations in price are measured at fair value less costs to sell, and changes in fair value are recognized in profit or loss.

The cost of inventories other than acquired with the purpose of generating profits from short-term fluctuations in price is determined based on either specific identification basis when inventories are not ordinarily interchangeable, or mainly moving average basis when inventories are ordinarily interchangeable.

(5) Property, Plant and Equipment

1. Recognition and measurement

Property, plant and equipment are measured at cost less any accumulated depreciation and accumulated impairment losses.

The cost of items of property, plant and equipment comprises costs directly attributable to the acquisition, costs of dismantling and removing the items and restoring the site on which they are located, and capitalized borrowing costs.

When the useful life of each part of an item of property, plant and equipment varies, it is accounted for as a separate item of property, plant and equipment.

2. Depreciation

Depreciation is calculated based on the depreciable amount which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation of property, plant and equipment is mainly computed under the straight-line method based on the estimated useful life of each item. The straight-line method is used because it is considered to the most closely approximate the pattern in which the asset’s future economic benefits are expected to be consumed by the Companies. Leased assets are depreciated over the shorter of the lease term and their useful lives if there is no reasonable certainty that the Companies will obtain ownership by the end of the lease term.

Depreciation of mining rights is computed under the units-of-production method over the estimated proven and probable reserve tons, and recognized as an expense. Land and land improvements are not depreciated.

The estimated useful lives for the years ended March 31, 2015 and 2014 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, 2015 and 2014 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.

(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. below). 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 are 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, etc.

(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, etc.

The Companies generate revenue from sales of tangible products under long-term construction contracts, etc., principally in connection with the construction of power plants in which the Companies provide engineering, procurement and construction service (Environment & Infrastructure business unit segment), and software development business in which the Companies customize the software to customer specifications (Media, Network, Lifestyle Related Goods & Services business unit segment).

Revenue from fixed price long-term construction contracts, etc., 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 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 is 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) services related to customized software development, (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) Services related to customized software development

Revenue from services contracts related to customized software development to customer specifications 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 a 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 an 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, 2015, 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	January 1, 2018	March 31, 2019	New requirements for general hedge accounting Limited amendments to the requirements of classification and measurement of financial assets, and new requirements for impairment
IFRS 10	Consolidated Financial Statements	January 1, 2016	March 31, 2017	Accounting for the sale or contribution of assets between an investor and its associate or joint venture Clarification of requirements when accounting for investment entities
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, 2016	March 31, 2017	Clarification of disclosure requirements relating to 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 1	Presentation of Financial Statements	January 1, 2016	March 31, 2017	Clarification of requirements for presentation and disclosure in financial reports
IAS 16	Property, Plant and Equipment	January 1, 2016	March 31, 2017	Clarification of acceptable methods of depreciation Accounting for biological assets that meet the definition of a bearer plant
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 28	Investments in Associates and Joint Ventures	January 1, 2016	March 31, 2017	Accounting for the sale or contribution of assets between an investor and its associate or joint venture Clarification of requirements when accounting for investment entities
IAS 38	Intangible Assets	January 1, 2016	March 31, 2017	Clarification of acceptable methods of amortization
IAS 41	Agriculture	January 1, 2016	March 31, 2017	Accounting for a produce growing on bearer plants

4. Segment Information

(1) Operating Segment

On April 1, 2014 the Kansai Regional Business Unit and Chubu Regional Business Unit were abolished, and the business departments constituting the above two regional business units were incorporated into organizations under headquarters business units and divisions. Accordingly, the Domestic Regional Business Units and Offices segment was abolished. Then, the Companies conduct business through five industry-based business operating segments (business units) and overseas regional segment (Overseas Subsidiaries and Branches).

The 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) and commodity derivative transactions. 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.

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 overseas regions 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.

Financial Section

Information by operating segments for the years ended March 31, 2015 and 2014 is summarized as follows:

2015	Millions of Yen			
Segment	Revenue	Gross profit	Profit (loss) for the year (attributable to owners of the parent)	Total assets
Metal Products	**¥ 610,401**	**¥103,533**	**¥ 32,508**	**¥ 877,599**
Transportation & Construction Systems	**481,433**	**133,932**	**49,805**	**1,615,390**
Environment & Infrastructure	**180,256**	**64,471**	**22,948**	**597,197**
Media, Network, Lifestyle Related Goods & Services	**974,954**	**288,690**	**47,848**	**1,903,769**
Mineral Resources, Energy, Chemical & Electronics	**339,337**	**86,915**	**(191,023)**	**1,682,739**
Overseas Subsidiaries and Branches	**1,182,230**	**277,499**	**(22,658)**	**2,164,414**
Total	**3,768,611**	**955,040**	**(60,572)**	**8,841,108**
Corporate and Eliminations	**(6,375)**	**(2,099)**	**(12,598)**	**180,262**
Consolidated	**¥3,762,236**	**¥952,941**	**¥ (73,170)**	**¥9,021,370**

2014	Millions of Yen			
Segment	Revenue	Gross profit	Profit for the year (attributable to owners of the parent)	Total assets
Metal Products	¥ 536,705	¥ 97,168	¥ 26,590	¥ 884,398
Transportation & Construction Systems	438,506	124,205	48,680	1,440,647
Environment & Infrastructure	143,137	63,696	19,143	597,031
Media, Network, Lifestyle Related Goods & Services	922,474	284,891	54,424	1,871,190
Mineral Resources, Energy, Chemical & Electronics	311,874	82,933	23,629	1,748,111
Overseas Subsidiaries and Branches	976,037	244,535	41,393	1,889,690
Total	3,328,733	897,428	213,859	8,431,067
Corporate and Eliminations	(11,327)	(3,012)	9,205	237,671
Consolidated	¥3,317,406	¥894,416	¥223,064	¥8,668,738

2015	Millions of U.S. Dollars			
Segment	Revenue	Gross profit	Profit (loss) for the year (attributable to owners of the parent)	Total assets
Metal Products	**$ 5,087**	**$ 863**	**$ 271**	**$ 7,313**
Transportation & Construction Systems	**4,012**	**1,116**	**415**	**13,461**
Environment & Infrastructure	**1,502**	**537**	**191**	**4,977**
Media, Network, Lifestyle Related Goods & Services	**8,124**	**2,406**	**399**	**15,865**
Mineral Resources, Energy, Chemical & Electronics	**2,828**	**724**	**(1,592)**	**14,023**
Overseas Subsidiaries and Branches	**9,852**	**2,313**	**(189)**	**18,037**
Total	**31,405**	**7,959**	**(505)**	**73,676**
Corporate and Eliminations	**(53)**	**(18)**	**(105)**	**1,502**
Consolidated	**$31,352**	**$7,941**	**$ (610)**	**$75,178**

On April 1, 2014 the Kansai Regional Business Unit and Chubu Regional Business Unit were abolished, and the business departments constituting the above two regional business units were incorporated into organizations under headquarters business units and divisions. Accordingly, the Domestic Regional Business Units and Offices segment was abolished, and we reorganized our operating segments into five segments based on industries and overseas regional segment (Overseas Subsidiaries and Branches) from this fiscal year. Also, on October 1, 2014 Commodity Business Department was transferred from Corporate and Eliminations to Mineral Resources, Energy, Chemical & Electronics Business Unit.

The segment information of the previous year has also been reclassified.

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 (loss) for the year (attributable to owners of the parent) in Corporate and Eliminations includes certain profits and losses that are not allocated to operating segments and intersegment eliminations. The certain profits and losses in Corporate and Eliminations are reallocated once the Company determines those attributable operating segments.

Transactions between segments are made on an arm's-length basis.

In the fiscal year ended March 31, 2015, the impairment losses in Tire business in the U.S. were recognized in Media, Network, Lifestyle Related Goods & Services segment. The post-tax impact to the Profit (loss) for the year (attributable to owners of the parent) was a loss of ¥7,508 million ($63 million).

In the fiscal year ended March 31, 2015, the impairment losses in Tight oil development project in the U.S., Iron ore mining project in Brazil, Shale gas project in the U.S., and Oil field interests in the North Sea, and impairment losses and provisions for costs relating to placing the mine in care and maintenance in Coal-mining projects in Australia were recognized in Mineral Resources, Energy, Chemical & Electronics segment. The post-tax impact to the Profit (loss) for the year (attributable to owners of the parent) was ¥206,774 million ($1,723 million), in total, due to the impairment losses in Tight oil development project in the U.S., Iron ore mining project in Brazil, Shale gas project in the U.S., and Oil field interests in the North Sea, and ¥20,981 million ($175 million), in total, due to the impairment loss and provisions for costs relating to placing the mine in care and maintenance in Coal-mining projects in Australia.

In the fiscal year ended March 31, 2015, the impairment losses in Tight oil development project in the U.S., Iron ore mining project in Brazil, Shale gas project in the U.S., Oil field interests in the North Sea, and Tire business in the U.S., and the impairment loss and provisions for costs relating to placing the mine in care and maintenance in Coal-mining projects in Australia were recognized in Overseas Subsidiaries and Branches segment. The post-tax impact to the Profit (loss) for the year (attributable to owners of the parent) was ¥71,570 million ($596 million), in total, due to the impairment losses in Tight oil development project in the U.S., Iron ore mining project in Brazil, Shale gas project in the U.S., Oil field interests in the North Sea, and Tire business in the U.S., and ¥3,451 million ($29 million), in total, due to the impairment loss and provisions for costs relating to placing the mine in care and maintenance in Coal-mining projects in Australia.

In the fiscal year ended March 31, 2015, the company changed the measurement method of the segment assets and liabilities from the transactions between the segments and some parts of them were offset that resulted in the decrease of the total assets of the operating segments by ¥220,466 million ($1,837 million), in total, and the increase of the total assets of the Corporate and Eliminations by the same amount.

(2) Geographic Information

The Companies' revenue by geographical areas for the years ended March 31, 2015 and 2014 is as follows:

	Millions of Yen		Millions of U.S. Dollars
	2015	2014	**2015**
Japan	**¥1,442,420**	¥1,367,475	**$12,020**
Asia	**400,268**	330,018	**3,336**
North America:			
U.S.	**1,157,959**	872,698	**9,650**
Others	**150,147**	149,668	**1,251**
Europe	**344,075**	339,570	**2,867**
Others	**267,367**	257,977	**2,228**
Total	**¥3,762,236**	¥3,317,406	**$31,352**

The carrying amount of non-current assets, excluding Financial assets and Deferred tax assets, by geographical areas as of March 31, 2015 and 2014 is as follows:

	Millions of Yen		Millions of U.S. Dollars
	2015	2014	**2015**
Japan	**¥ 579,310**	¥ 573,571	**$ 4,828**
Asia	**65,251**	56,112	**544**
North America:			
U.S.	**513,056**	547,388	**4,275**
Others	**22,475**	21,966	**187**
Europe	**188,564**	177,438	**1,571**
Others	**222,356**	228,378	**1,853**
Total	**¥1,591,012**	¥1,604,853	**$13,258**

Breakdown by products and services are not available.

5. Acquisition of Subsidiaries

For the year ended March 31, 2015

Business combinations during the year ended March 31, 2015 mainly consist of online retailer of baby related items and Malaysian fertilizer manufacturer/distributor. 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. The consideration transferred was paid fully in cash.

	Millions of Yen	Millions of U.S. Dollars
Fair value of the consideration transferred	**¥ 7,593**	**$ 63**
Fair value of the previously held equity interest	**786**	**7**
Total	**8,379**	**70**
Total assets	**13,376**	**112**
Total liabilities	**(7,654)**	**(64)**
Net assets	**5,722**	**48**
Non-controlling interests	**(1,315)**	**(11)**
Goodwill	**3,972**	**33**
Total	**¥ 8,379**	**$ 70**

Goodwill consists primarily of future economic benefits and synergies with existing operations.

Non-controlling interests were measured at the ownership interests' proportionate share in the recognized amounts of the acquiree's identifiable net assets.

For the year ended March 31, 2014

On November 21, 2013, the Company and Sumitomo Corporation of Americas (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
Fair value of the consideration transferred	¥ 52,662
Cash and cash equivalents	2,166
Trade and other receivables	61,282
Other current assets	966
Property, plant and equipment	4,465
Intangible assets	47,546
Other non-current assets	3,150
Current liabilities	(33,884)
Non-current liabilities	(65,342)
Net assets	20,349
Non-controlling interests	(30)
Goodwill	32,343
Total	¥ 52,662

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 are ¥839 million, 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 and was paid fully in cash. The aggregated fair value of assets acquired and liabilities assumed amounted to ¥78,553 million and ¥63,612 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.

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
	2015	2014	2015
Marketable securities:			
FVTPL	**¥ 8,822**	¥ 32,151	**$ 73**
Amortized cost	**800**	1,532	**7**
Total	**9,622**	33,683	**80**
Other investments:			
FVTPL	**35,683**	40,143	**298**
FVTOCI	**451,943**	461,033	**3,766**
Amortized cost	**7,825**	9,274	**65**
Total	**¥495,451**	¥510,450	**$4,129**

The fair values of "Marketable securities" and "Other investments" measured at amortized cost as of March 31, 2015 and 2014 are ¥8,625 million ($72 million) and ¥10,806 million, respectively.

The Companies classify investments as financial assets measured at FVTOCI when those investments are held for the objective, such as expansion of the medium and long-term revenue 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, 2015 and 2014 are as follows:

	Millions of Yen				Millions of U.S. Dollars	
	2015		2014		2015	
	Fair value	Dividends	Fair value	Dividends	Fair value	Dividends
Listed	**¥367,078**	**¥ 5,823**	¥347,728	¥ 5,257	**$3,059**	**$49**
Unlisted	**84,865**	**5,544**	113,305	6,111	**707**	**46**
Total	**¥451,943**	**¥11,367**	¥461,033	¥11,368	**$3,766**	**$95**

The fair values of "Other investments" measured at FVTOCI as of March 31, 2015 mainly consist of the following:

	Millions of Yen	Millions of U.S. Dollars
	2015	2015
NIPPON STEEL & SUMITOMO METAL CORPORATION	**¥55,264**	**$461**
TOYOTA MOTOR CORPORATION	**28,096**	**234**
Sumitomo Realty & Development Co., LTD.	**22,345**	**186**
YAMAZAKI BAKING CO., LTD.	**20,272**	**169**
SKY Perfect JSAT Holdings Inc.	**16,605**	**138**
Asahi Group Holdings, Ltd.	**15,293**	**127**
Mazda Motor Corporation	**14,843**	**124**
MS&AD Insurance Group Holdings, Inc.	**14,137**	**118**
Sumitomo Metal Mining Co., Ltd.	**12,310**	**103**
Sumitomo Rubber Industries, Ltd.	**10,657**	**89**
DAIKIN INDUSTRIES, LTD.	**9,160**	**76**
NISSHIN SEIFUN GROUP INC.	**8,614**	**72**
KATO SANGYO CO., LTD.	**8,152**	**68**
Sumitomo Electric Industries, Ltd.	**7,888**	**66**
YAMATO KOGYO CO., LTD.	**7,147**	**60**
The Dai-ichi Life Insurance Company, Limited	**6,413**	**53**
SUMITOMO HEAVY INDUSTRIES, LTD.	**5,872**	**49**
Sumitomo Forestry Co., Ltd.	**5,755**	**48**
ISUZU MOTORS LIMITED	**5,455**	**45**

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

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

"Other investments" measured at FVTOCI which were disposed of during the years ended March 31, 2015 and 2014 are as follows:

Millions of Yen						Millions of U.S. Dollars		
2015			2014			2015		
Fair value at the date of sale	Cumulative gains	Dividends	Fair value at the date of sale	Cumulative gains	Dividends	Fair value at the date of sale	Cumulative gains	Dividends
¥103,572	**¥52,109**	**¥3,849**	¥54,308	¥24,193	¥1,397	**$863**	**$434**	**$32**

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 ¥35,082 million ($292 million) and ¥15,037 million from Other components of equity to Retained earnings for the years ended March 31, 2015 and 2014, 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 ¥929 million ($8 million) and ¥217 million from Other components of equity to Retained earnings for the years ended March 31, 2015 and 2014, respectively.

7. Trade and Other Receivables

The components of Trade and other receivables as of March 31, 2015 and 2014 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Notes receivable	**¥ 76,614**	¥ 84,156	**$ 639**
Accounts receivable	**1,182,043**	1,191,596	**9,850**
Receivables due from equity-accounted investees	**270,804**	236,972	**2,257**
Loans receivable	**429,755**	344,297	**3,581**
Finance lease receivable	**331,332**	346,444	**2,761**
Other receivables	**91,300**	97,181	**761**
Less: Allowance for doubtful receivables	**(31,853)**	(29,219)	**(265)**
Trade and other receivables	**¥2,349,995**	¥2,271,427	**$19,584**

Financial assets measured at FVTPL of ¥25,681 million ($214 million) and ¥36,254 million were included in Accounts receivable as of March 31, 2015 and 2014, respectively, and ¥3,000 million was included in Loans receivable as of March 31, 2014.

The components of Trade and other receivables in the Consolidated statement of financial position as of March 31, 2015 and 2014 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Current assets	**¥1,569,214**	¥1,549,363	**$13,077**
Non-current assets	**780,781**	722,064	**6,507**
Total	**¥2,349,995**	¥2,271,427	**$19,584**

Trade and other receivables by operating segment as of March 31, 2015 and 2014 are summarized as follows:

	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Metal Products	**¥ 342,130**	¥ 389,080	**$ 2,851**
Transportation & Construction Systems	**529,258**	493,163	**4,411**
Environment & Infrastructure	**314,137**	331,609	**2,618**
Media, Network, Lifestyle Related Goods & Services	**266,332**	274,828	**2,220**
Mineral Resources, Energy, Chemical & Electronics	**560,299**	504,857	**4,669**
Others	**337,839**	277,890	**2,815**
Trade and other receivables	**¥2,349,995**	¥2,271,427	**$19,584**

Certain notes receivables derived mainly from export transactions are transferred to banks on a discounted basis. The Companies are liable to the banks for defaults by the note issuer. As such, the Companies continue to recognize the discounted notes receivables of ¥3,709 million ($31 million) and ¥7,467 million as of March 31, 2015 and 2014, 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, 2015 and 2014 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Balance, beginning of year	**¥29,219**	¥ 34,413	**$243**
Impairment losses	**8,765**	6,109	**73**
Charge-off	**(7,900)**	(12,171)	**(66)**
Exchange differences on translating foreign operations	**1,769**	868	**15**
Balance, end of year	**¥31,853**	¥ 29,219	**$265**

As of March 31, 2015 and 2014, the total gross amount of impaired trade and other receivables is ¥27,377 million ($228 million) and ¥38,979 million, respectively and the cumulative impairment losses recognized as of March 31, 2015 and 2014 are ¥15,463 million ($129 million) and ¥15,587 million, respectively.

Financial Section

The age of trade and other receivables that are past due but not impaired as of March 31, 2015 and 2014 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, 2015 and 2014.

	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Past due within 90 days	¥131,329	¥ 93,344	$1,094
Past due over 90 days until 1 year	19,014	13,208	159
Past due over 1 year	8,637	8,164	72
Total	¥158,980	¥114,716	$1,325

8. Leases

(1) As lessor

The Companies lease office buildings, vessels, aircraft engines and certain other assets to third parties under cancelable or non-cancelable operating leases. Costs of the leased properties as of March 31, 2015 and 2014 are ¥351,007 million ($2,925 million) and ¥313,650 million, respectively. Accumulated depreciation and accumulated impairment losses as of March 31, 2015 and 2014 are ¥70,858 million ($590 million) and ¥64,627 million, respectively. These assets are 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, 2015 and 2014 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Due in 1 year or less	¥25,336	¥21,306	$211
Due after 1 year through 5 years	71,546	51,282	596
Due after 5 years	34,435	28,775	287

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, 2015 and 2014 are as follows:

	Minimum lease payments receivable		
	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Due in 1 year or less	¥ 79,338	¥ 75,207	$ 661
Due after 1 year through 5 years	228,431	241,367	1,904
Due after 5 years	150,734	181,607	1,256
Unguaranteed residual value	5,692	2,981	47
Less: Future finance income	(132,863)	(152,882)	(1,107)
Net investment in the lease	¥ 331,332	¥ 348,280	$ 2,761

	Net investment in the lease		
	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Due in 1 year or less	¥ 72,117	¥ 68,844	$ 601
Due after 1 year through 5 years	176,429	185,462	1,470
Due after 5 years	79,496	92,744	663
Unguaranteed residual value	3,290	1,230	27

Contingent rental income recognized in profit or loss for the years ended March 31, 2015 and 2014 are ¥4,641 million ($39 million) and ¥2,218 million, respectively.

(2) As lessee

The Companies lease office buildings, vessels and certain other assets under cancelable or non-cancelable operating leases. Total rental expenses under such leases for the years ended March 31, 2015 and 2014 are ¥76,579 million ($638 million) and ¥73,016 million, respectively.

Future minimum lease payments under non-cancelable operating leases as of March 31, 2015 and 2014 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Due in 1 year or less	**¥ 45,776**	¥ 48,337	**$ 381**
Due after 1 year through 5 years	**147,687**	137,168	**1,231**
Due after 5 years	**215,640**	213,180	**1,797**

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, 2015 and 2014 are ¥83,544 million ($696 million) and ¥79,062 million, respectively. Accumulated depreciation and accumulated impairment losses as of March 31, 2015 and 2014 are ¥29,357 million ($245 million) and ¥24,529 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, 2015 and 2014 are as follows:

	Minimum lease payments		
	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Due in 1 year or less	**¥ 15,402**	¥ 15,351	**$ 128**
Due after 1 year through 5 years	**53,334**	46,157	**444**
Due after 5 years	**88,323**	77,100	**736**
Less: Future finance cost	**(66,779)**	(49,744)	**(556)**
Present value of minimum lease payments	**¥ 90,280**	¥ 88,864	**$ 752**

	Present value of minimum lease payments		
	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Due in 1 year or less	**¥14,355**	¥14,531	**$119**
Due after 1 year through 5 years	**42,334**	36,519	**353**
Due after 5 years	**33,591**	37,814	**280**

The total amount of lease payments included in "Cost" for the years ended March 31, 2015 and 2014 are ¥13,034 million ($109 million) and ¥11,720 million, respectively.

9. Inventories

The components of Inventories as of March 31, 2015 and 2014 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Real estate held for development and resale	¥ 86,725	¥ 76,781	$ 723
Commodities	799,011	698,069	6,658
Materials/work in progress	108,668	97,180	906
Inventories	¥994,404	¥872,030	$8,287

The carrying amounts of Inventories measured at fair value less costs to sell as of March 31, 2015 and 2014 are ¥76,302 million ($636 million) and ¥99,410 million, respectively.

The write-down of Inventories recognized as expense for the years ended March 31, 2015 and 2014 are ¥12,298 million ($102 million) and ¥4,889 million, respectively.

10. 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, 2015 and 2014 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Total carrying amount	¥1,465,954	¥1,204,261	$12,216

	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Profit for the year	¥88,500	¥94,381	$737
Other comprehensive income	3,565	2,972	30
Comprehensive income for the year	¥92,065	¥97,353	$767

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, 2015 and 2014 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Current assets	¥2,680,578	¥2,555,559	$22,338
Non-current assets	2,046,406	1,758,396	17,054
Total assets	¥4,726,984	¥4,313,955	$39,392
Current liabilities	¥2,013,391	¥1,937,995	$16,778
Non-current liabilities	1,883,933	1,595,201	15,700
Total liabilities	¥3,897,324	¥3,533,196	$32,478
Non-controlling interests	¥ 84,409	¥ 66,678	$ 703
Equity	745,251	714,081	6,211
Total equity	¥ 829,660	¥ 780,759	$ 6,914

	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Revenues	**¥495,482**	¥425,675	**$4,129**
Profit for the year	**45,031**	39,573	**375**
Other comprehensive income	**21,122**	15,389	**176**
Comprehensive income for the year	**¥ 66,153**	¥ 54,962	**$ 551**

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, 2015 and 2014 are ¥7,030 million ($59 million) and ¥7,178 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, 2015 and 2014 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Total carrying amount	**¥481,161**	¥479,568	**$4,010**

	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Profit (loss) for the year	**¥(39,408)**	¥31,845	**$(328)**
Other comprehensive income	**(9,218)**	(1,035)	**(77)**
Comprehensive income for the year	**¥(48,626)**	¥30,810	**$(405)**

In Iron ore mining project in Brazil, the impairment loss of ¥62,342 million ($520 million) is recognized mainly due to the decline in iron ore prices, and revision of the life of mine plan and future expansion plan of the project for the year ended March 31, 2015. The impairment losses of ¥60,805 million ($507 million) and ¥1,537 million ($13 million) are recognized in the Mineral Resources, Energy, Chemical & Electronics segment and the Overseas Subsidiaries and Branches segment, respectively. The impairment loss is included in "Share of profit of investments accounted for using the equity method" in the Consolidated statements of comprehensive income.

(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, 2015 and 2014 are summarized as follows:

	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Management and secondment fees, received	**¥4,419**	¥4,071	**$37**
Interest income	**7,553**	3,554	**63**
Interest expense	**119**	110	**1**

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

11. Property, Plant and Equipment

Cost and accumulated depreciation and impairment losses of property, plant and equipment as of March 31, 2015 and 2014 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, 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
Acquisitions	**2,272**	**7,982**	**83,291**	**78,011**	**94,320**	**265,876**
Reclassification	**(790)**	**9,934**	**43,773**	**(55,599)**	**—**	**(2,682)**
Acquisitions through business combinations	**278**	**1,218**	**3,590**	**—**	**—**	**5,086**
Deconsolidation of subsidiaries	**(3,018)**	**(9,914)**	**(14,855)**	**(3,497)**	**(19,440)**	**(50,724)**
Disposals	**(1,275)**	**(4,227)**	**(28,297)**	**(113)**	**(4,965)**	**(38,877)**
Exchange differences on translating foreign operations	**1,661**	**12,084**	**61,572**	**4,608**	**40,314**	**120,239**
Others	**1,555**	**2,524**	**7,726**	**28**	**972**	**12,805**
Balance as of March 31, 2015	**¥99,483**	**¥326,981**	**¥857,876**	**¥ 77,383**	**¥404,873**	**¥1,766,596**

	Millions of U.S. Dollars					
	Land and land improvements	Buildings including leasehold improvements	Machinery and equipment	Projects in progress	Mining rights	Total
Balance as of March 31, 2014	$823	$2,562	$5,842	$450	$2,447	$12,124
Acquisitions	**19**	**67**	**694**	**650**	**786**	**2,216**
Reclassification	**(7)**	**83**	**365**	**(463)**	**—**	**(22)**
Acquisitions through business combinations	**2**	**10**	**30**	**—**	**—**	**42**
Deconsolidation of subsidiaries	**(25)**	**(84)**	**(123)**	**(29)**	**(162)**	**(423)**
Disposals	**(11)**	**(35)**	**(236)**	**(1)**	**(41)**	**(324)**
Exchange differences on translating foreign operations	**14**	**101**	**513**	**38**	**336**	**1,002**
Others	**14**	**21**	**64**	**0**	**8**	**107**
Balance as of March 31, 2015	**$829**	**$2,725**	**$7,149**	**$645**	**$3,374**	**$14,722**

[Accumulated depreciation and impairment losses]

	Millions of Yen				
	Land and land improvements	Buildings including leasehold improvements	Machinery and equipment	Mining rights	Total
Balance as of April 1, 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)
Deconsolidation of subsidiaries	**147**	**6,877**	**9,069**	**8,775**	**24,868**
Disposals	**60**	**2,894**	**19,123**	**2,837**	**24,914**
Depreciation expenses	**—**	**(15,821)**	**(63,722)**	**(11,027)**	**(90,570)**
Impairment losses	**(22)**	**(1,183)**	**(8,581)**	**(239,391)**	**(249,177)**
Exchange differences on translating foreign operations	**3**	**(4,707)**	**(21,254)**	**(19,811)**	**(45,769)**
Others	**(57)**	**(920)**	**(11,273)**	**(130)**	**(12,380)**
Balance as of March 31, 2015	**¥(2,450)**	**¥(149,306)**	**¥(401,133)**	**¥(328,941)**	**¥(881,830)**

	Millions of U.S. Dollars				
	Land and land improvements	Buildings including leasehold improvements	Machinery and equipment	Mining rights	Total
Balance as of March 31, 2014	$(22)	$(1,137)	$(2,704)	$ (585)	$(4,448)
Deconsolidation of subsidiaries	**1**	**57**	**76**	**73**	**207**
Disposals	**1**	**24**	**159**	**24**	**208**
Depreciation expenses	**—**	**(132)**	**(531)**	**(92)**	**(755)**
Impairment losses	**(0)**	**(10)**	**(72)**	**(1,995)**	**(2,077)**
Exchange differences on translating foreign operations	**0**	**(39)**	**(177)**	**(165)**	**(381)**
Others	**(0)**	**(8)**	**(94)**	**(1)**	**(103)**
Balance as of March 31, 2015	**$(20)**	**$(1,245)**	**$(3,343)**	**$(2,741)**	**$(7,349)**

[Carrying amount]

	Land and land improvements	Buildings including leasehold improvements	Machinery and equipment	Projects in progress	Mining rights	Total
2015 (Millions of Yen)	**¥97,033**	**¥177,675**	**¥456,743**	**¥77,383**	**¥ 75,932**	**¥884,766**
2014 (Millions of Yen)	¥96,219	¥170,934	¥376,581	¥53,945	¥223,478	¥921,157
2015 (Millions of U.S. Dollars)	**$809**	**$1,480**	**$3,806**	**$645**	**$633**	**$7,373**

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, 2015 and 2014 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Metal Products	**¥ (9)**	¥ —	**$ (0)**
Transportation & Construction Systems	**(37)**	(11)	**(0)**
Environment & Infrastructure	**—**	(3)	**—**
Media, Network, Lifestyle Related Goods & Services	**(1,202)**	(1,219)	**(10)**
Mineral Resources, Energy, Chemical & Electronics	**(176,743)**	(22,754)	**(1,473)**
Overseas Subsidiaries and Branches	**(71,185)**	(5,852)	**(593)**
Corporate and Eliminations	**(1)**	(168)	**(0)**
Total	**¥(249,177)**	¥(30,007)	**$(2,076)**

The significant impairment losses, which are mainly consisted of mining right, for the year ended March 31, 2015 are as follows. The Company, through Summit Shale International (Head Office: Texas, USA, hereinafter "SSIC"), a wholly owned subsidiary of the Company, and Summit Discovery Resources III (Head Office: Texas, USA), a wholly owned oil and gas development subsidiary of SSIC, have participated in a Tight oil development project (hereinafter the "Project") jointly with Devon Energy (Head Office: Oklahoma, USA, hereinafter "Devon"), an independent Oil & Gas E&P company, in the Permian Basin, Texas since September, 2012 (The Company's interest in the Project: 30 percent). At the meeting of the Board of Directors held on September 29, 2014, the Company resolved to divest the lease properties, wells and related facilities in the northern part of the Project jointly with Devon. Analyzing the development results until now in the northern part of the Project, the Company determined that it is difficult to extract the oil and gas efficiently and it cannot expect as much production to recover the investment. As a result of revaluating the recoverability of the carrying amount of the Project's assets, the impairment loss of ¥173,638 million ($1,447 million) is recognized. In addition, the impairment loss of ¥25,586 million ($213 million) is recognized relating to the southern part of the Project, which the Company plans to continue holding, as a result of revaluation of the Project reflecting a subsequent decline in oil prices and revision of long term business plan. Consequently, the impairment loss of ¥199,224 million ($1,660 million) is recognized in total in this fiscal year. Impairment losses of ¥139,457 million ($1,162 million) and ¥59,767 million ($498 million) are recognized in the Mineral Resources, Energy, Chemical & Electronics segment and the Overseas Subsidiaries and Branches segment, respectively. In the shale gas project in the U.S., the impairment loss of ¥31,095 million ($259 million) is recognized due to the decline in oil and gas prices and revision of the long-term business plan. Impairment losses of ¥21,766 million ($181 million) and ¥9,329 million ($78 million) are recognized in the Mineral Resources, Energy, Chemical & Electronics segment and the Overseas Subsidiaries and Branches segment, respectively. In Coal-mining projects in Australia, the impairment loss of ¥17,594 million ($147 million) is recognized due to the decline in prices for coal, etc. Impairment losses of ¥15,511 million ($129 million) and ¥2,083 million ($17 million) are 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, 2015 and 2014 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Buildings including leasehold improvements	**¥14,821**	¥15,718	**$123**
Machinery and equipment	**¥38,738**	¥38,110	**$323**

Depreciation expenses for property, plant and equipment are included in "Cost" and "Selling, general and administrative expenses" in the Consolidated statement of comprehensive income.

12. Intangible Assets

(1) Goodwill

Cost and accumulated impairment losses of goodwill for the years ended March 31, 2015 and 2014 are as follows:

[Cost]

	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Balance, beginning of year	**¥189,266**	¥157,024	**$1,577**
Acquisitions through business combinations	**3,817**	46,403	**32**
Deconsolidation of subsidiaries	**(5,743)**	(17,758)	**(48)**
Exchange differences on translating foreign operations	**18,403**	10,568	**153**
Others	**(383)**	(6,971)	**(3)**
Balance, end of year	**¥205,360**	¥189,266	**$1,711**

[Accumulated impairment losses]

	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Balance, beginning of year	**¥(18,726)**	¥(18,451)	**$(156)**
Impairment losses	**(28,528)**	(360)	**(238)**
Deconsolidation of subsidiaries	**1,458**	—	**12**
Exchange differences on translating foreign operations	**(2,238)**	(378)	**(18)**
Others	**(733)**	463	**(6)**
Balance, end of year	**¥(48,767)**	¥(18,726)	**$(406)**

The impairment losses recognized on goodwill for the years ended March 31, 2015 and 2014 are ¥28,528 million ($238 million) and ¥360 million, respectively, and are included in "Impairment losses on long-lived assets" in the Consolidated statement of comprehensive income.

The impairment losses on goodwill during the year ended March 31, 2015 consists of mainly operation in the Tire business in the U.S. and in the Oil field interests in the North Sea.

In the Tire business in the U.S. (TBC Corporation), the impairment loss on goodwill of ¥21,868 million ($182 million) is recognized due to revision of the business plan, etc. The impairment losses of ¥8,747 million ($73 million) and ¥13,121 million ($109 million) are recognized in the Media, Network, Lifestyle Related Goods & Services segment and the Overseas Subsidiaries and Branches segment, respectively.

In the Oil field interests in the North Sea, the impairment loss on goodwill of ¥3,585 million ($30 million) is recognized due to decline in the oil prices, revision of the long-term business plan, etc. The impairment losses of ¥3,047 million ($25 million) and ¥538 million ($5 million) are recognized in the Mineral Resources, Energy, Chemical & Electronics segment and the Overseas Subsidiaries and Branches segment, respectively.

[Carrying amount]

	Carrying amount
2015 (Millions of Yen)	**¥156,593**
2014 (Millions of Yen)	¥170,540
2015 (Millions of U.S. Dollars)	**$1,305**

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, 2015 and 2014 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Metal Products	**¥ 21,655**	¥ 19,481	**$ 181**
Transportation & Construction Systems	**7,075**	6,292	**59**
Environment & Infrastructure	**365**	516	**3**
Media, Network, Lifestyle Related Goods & Services	**42,829**	48,452	**357**
Mineral Resources, Energy, Chemical & Electronics	**3,766**	10,266	**31**
Overseas Subsidiaries and Branches	**80,903**	85,533	**674**
Total	**¥156,593**	¥170,540	**$1,305**

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 5 to 11%, overseas: approximately 6 to 22%).

Significant portions of goodwill included above as of March 31, 2015 are related to that of TBC Corporation (Media, Network, Lifestyle Related Goods & Services segment and Overseas Subsidiaries and Branches) of ¥38,979 million ($325 million) and Edgen Group (Metal Products segment and Overseas Subsidiaries and Branches) of ¥38,800 million ($323 million), respectively, and as of March 31, 2014 were related to TBC Corporation of ¥54,067 million and Edgen Group of ¥33,230 million, respectively.

There is a possibility that the impairment loss may be recognized for TBC Corporation if the key assumptions of the business plan change depending on the progress of the ongoing business transformation.

Edgen Group is proactively reinforcing the integration of our global tubular products network. The business plan may be revised by a change in business environment such as the tubular products market trend in North America etc. associated with oil price fluctuations. There is a possibility that the impairment loss may be recognized for Edgen Group if the key assumptions of the business plan change.

(2) Other Intangible Assets

Cost and accumulated depreciation and impairment losses of other intangible assets as of March 31, 2015 and 2014 are as follows:

[Cost]

	Millions of Yen			
	Software	Sales licenses, trademarks and customer relationships	Others	Total
Balance as of April 1, 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
Acquisitions through business combinations	**16**	**1,399**	**491**	**1,906**
Separate acquisitions	**9,331**	**1,431**	**980**	**11,742**
Deconsolidation of subsidiaries	**(2,257)**	**(912)**	**(202)**	**(3,371)**
Disposals	**(3,511)**	**(2,043)**	**(591)**	**(6,145)**
Exchange differences on translating foreign operations	**1,944**	**24,223**	**946**	**27,113**
Others	**1,134**	**676**	**1,674**	**3,484**
Balance as of March 31, 2015	**¥116,976**	**¥248,442**	**¥19,374**	**¥384,792**

	Millions of U.S. Dollars			
	Software	Sales licenses, trademarks and customer relationships	Others	Total
Balance as of March 31, 2014	$919	$1,864	$134	$2,917
Acquisitions through business combinations	**0**	**12**	**4**	**16**
Separate acquisitions	**78**	**12**	**8**	**98**
Deconsolidation of subsidiaries	**(19)**	**(8)**	**(2)**	**(29)**
Disposals	**(29)**	**(17)**	**(5)**	**(51)**
Exchange differences on translating foreign operations	**16**	**202**	**8**	**226**
Others	**9**	**6**	**14**	**29**
Balance as of March 31, 2015	**$974**	**$2,071**	**$161**	**$3,206**

[Accumulated amortization and impairment]

	Millions of Yen			
	Software	Sales licenses, trademarks and customer relationships	Others	Total
Balance as of April 1, 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)
Disposals	**3,054**	**2,000**	**93**	**5,147**
Amortization expenses	**(9,051)**	**(12,427)**	**(1,631)**	**(23,109)**
Impairment losses	**(9)**	**(633)**	**(24)**	**(666)**
Deconsolidation of subsidiaries	**1,515**	**929**	**6**	**2,450**
Exchange differences on translating foreign operations	**(1,562)**	**(4,992)**	**(475)**	**(7,029)**
Others	**(18)**	**(1,134)**	**1,109**	**(43)**
Balance as of March 31, 2015	**¥(94,956)**	**¥(74,699)**	**¥(6,292)**	**¥(175,947)**

	Millions of U.S. Dollars			
	Software	Sales licenses, trademarks and customer relationships	Others	Total
Balance as of March 31, 2014	$(741)	$(487)	$(44)	$(1,272)
Disposals	**25**	**17**	**1**	**43**
Amortization expenses	**(75)**	**(104)**	**(14)**	**(193)**
Impairment losses	**(0)**	**(5)**	**(0)**	**(5)**
Deconsolidation of subsidiaries	**13**	**7**	**0**	**20**
Exchange differences on translating foreign operations	**(13)**	**(42)**	**(4)**	**(59)**
Others	**(0)**	**(9)**	**9**	**(0)**
Balance as of March 31, 2015	**$(791)**	**$(623)**	**$(52)**	**$(1,466)**

[Carrying amount]

	Software	Sales licenses, trademarks and customer relationships	Others	Total
2015 (Millions of Yen)	**¥22,020**	**¥173,743**	**¥13,082**	**¥208,845**
2014 (Millions of Yen)	¥21,434	¥165,226	¥10,706	¥197,366
2015 (Millions of U.S. Dollars)	**$183**	**$1,448**	**$109**	**$1,740**

Significant portions of sales licenses, trademarks and customer relationships as of March 31, 2015 are related to TBC Corporation of ¥53,985 million ($450 million; average remaining amortization period of 17 years) and Edgen Group of ¥51,426 million ($429 million; average remaining amortization period of 17 years), respectively, and as of March 31, 2014 are related to TBC Corporation of ¥47,970 million and Edgen Group of ¥46,689 million, respectively.

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, 2015 and 2014 included above are ¥6,437 million ($54 million) and ¥5,837 million, respectively, and consist mainly of trademarks. Those trademarks were acquired through business combinations which are expected to exist as long as business continues, therefore the management considers the useful lives for these as indefinite.

The carrying amount of Intangible assets leased under finance leases, net of accumulated amortization and impairment losses, as of March 31, 2015 and 2014 are ¥628 million ($5 million) and ¥705 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, 2015 and 2014 are ¥6,875 million ($57 million) and ¥5,044 million, respectively, and mainly are included in software.

13. Investment Property

Cost and accumulated depreciation and impairment losses of investment property as of March 31, 2015 and 2014 are as follows:

[Cost]

	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Balance, beginning of year	**¥304,528**	¥332,136	**$2,538**
Acquisitions	**29,474**	51,770	**245**
Disposals	**(18,150)**	(76,369)	**(151)**
Exchange differences on translating foreign operations	**3,722**	1,493	**31**
Reclassification	**(806)**	(4,759)	**(7)**
Others	**(368)**	257	**(3)**
Balance, end of year	**¥318,400**	¥304,528	**$2,653**

[Accumulated depreciation and impairment losses]

	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Balance, beginning of year	**¥(47,926)**	¥(68,154)	**$(399)**
Depreciation expenses	**(4,008)**	(3,836)	**(33)**
Impairment losses	**(249)**	(790)	**(2)**
Disposals	**2,875**	22,660	**24**
Exchange differences on translating foreign operations	**(204)**	(116)	**(2)**
Reclassification	**318**	1,705	**3**
Others	**254**	605	**2**
Balance, end of year	**¥(48,940)**	¥(47,926)	**$(407)**

Impairment losses recognized for the year ended March 31, 2015 and 2014 are ¥249 million ($2 million) and ¥790 million, respectively, and are included in "Impairment losses on long-lived assets" in the Consolidated statement of comprehensive income. Impairment losses for the years ended March 31, 2015 and 2014 are recognized mainly in respect to the office buildings leased in Japan and those impairment losses are recognized in Media, Network, Lifestyle Related Goods & Services segment.

[Carrying amount and fair value]

	Carrying amount	Fair value
2015 (Millions of Yen)	**¥269,460**	**¥320,624**
2014 (Millions of Yen)	¥256,602	¥303,209
2015 (Millions of U.S. Dollars)	**$2,246**	**$2,672**

The fair value as of the end of each reporting period is based on a valuation conducted by independent valuation appraisers having current experience in the locations and categories of the investment property being valued and the appropriate and recognized professional qualifications, such as a registered appraiser. The valuation, which conforms to the standards of the country where the investment property is located, is based on market evidence of transaction prices for similar properties.

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

Rental income from investment property for the years ended March 31, 2015 and 2014 are ¥23,176 million ($193 million) and ¥22,817 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, 2015 and 2014 are ¥15,436 million ($129 million) and ¥16,058 million, respectively, and are included mainly in "Cost."

14. Biological Assets

Biological assets as of March 31, 2015 and 2014 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Balance, beginning of year	**¥12,993**	¥11,259	**$108**
Increases due to purchases	**725**	15	**6**
Decreases due to harvest	**(1,419)**	(1,315)	**(12)**
The gain or loss arising from changes in fair value less costs to sell	**407**	1,514	**4**
Exchange differences on translating foreign operations	**145**	1,520	**1**
Balance, end of year	**¥12,851**	¥12,993	**$107**

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.

15. Deferred Taxes

The tax effects of temporary differences that give rise to significant components of deferred tax assets and liabilities as of March 31, 2015 and 2014 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Deferred tax assets:			
Net operating loss carry forwards	**¥ 71,504**	¥ 68,521	**$ 596**
Securities and other investments	**12,470**	21,718	**104**
Inventories and long-lived assets	**67,002**	63,274	**558**
Allowance for doubtful receivables	**8,340**	5,430	**70**
Retirement benefit plans	**7,967**	9,442	**66**
Others	**89,955**	71,042	**750**
Deferred tax assets total	**¥ 257,238**	¥ 239,427	**$ 2,144**
Deferred tax liabilities:			
Investments accounted for using the equity method	**¥ (68,507)**	¥ (50,298)	**$ (571)**
Securities and other investments	**(85,761)**	(80,197)	**(715)**
Long-lived assets	**(114,063)**	(101,968)	**(950)**
Others	**(73,991)**	(55,350)	**(617)**
Deferred tax liabilities total	**¥(342,322)**	¥(287,813)	**$(2,853)**

Deferred tax assets and liabilities reported in the Consolidated statement of financial position as of March 31, 2015 and 2014 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Deferred tax assets	**¥ 83,924**	¥ 92,411	**$ 699**
Deferred tax liabilities	**(169,008)**	(140,797)	**(1,408)**

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Changes in deferred tax assets and liabilities for the years ended March 31, 2015 and 2014 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Net deferred tax assets (liabilities):			
Balance, beginning of year	**¥(48,386)**	¥ (4,220)	**$(403)**
Amount recognized in other comprehensive income:			
Financial assets measured at FVTOCI	**(24,668)**	(25,047)	**(206)**
Remeasurements of defined benefit pension plans	**(3,966)**	(1,163)	**(33)**
Exchange differences on translating foreign operations	**11,499**	5,180	**96**
Cash-flow hedges	**(1,709)**	(426)	**(14)**
Share of other comprehensive income of investments accounted for using the equity method	**(15)**	(28)	**(0)**
Amount recognized in profit or loss	**(21,005)**	(33,526)	**(175)**
Effects of acquisitions and divestitures	**3,166**	10,844	**26**
Balance, end of year	**¥(85,084)**	¥(48,386)	**$(709)**

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, 2015 and 2014 is a decrease of ¥74,289 million ($619 million) and a decrease of ¥9,552 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 ¥320,484 million ($2,671 million) and ¥334,137 million ($2,784 million) as of March 31, 2015 and ¥157,000 million and ¥37,408 million as of March 31, 2014, respectively. The deductible temporary differences do not expire under current tax legislation.

In addition to the above, due to the enactment of the Minerals Resource Rent Tax ("MRRT") in Australia, the Companies estimated the fair value of certain mining assets for tax purposes as at May 1, 2010 in accordance with the legislation, and deductible temporary differences arose during the year ended March 31, 2012, which allows the Companies to claim tax deductions against mining profit. However, as MRRT was abolished in September 2014, these deductible temporary differences, which were estimated to be approximately ¥116 billion as of March 31, 2014, reversed. This change has no effect on the consolidated financial statements for the fiscal year ended March 31, 2015, because no deferred tax assets were recognized for these deductible temporary differences as it was not probable that sufficient future mining profit would be available against which they could be utilized.

The tax losses for which deferred tax assets are not recognized as of March 31, 2015 and 2014 expire as follows:

	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
1st year	**¥ 193**	¥ 1,098	**$ 2**
2nd year	**75**	279	**1**
3rd year	**3,190**	67	**26**
4th year	**122,482**	4,733	**1,021**
5th year and thereafter	**194,544**	150,823	**1,621**
Total	**¥320,484**	¥157,000	**$2,671**

As of March 31, 2015 and 2014, 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, 2015 and 2014 totaled to ¥1,121,381 million ($9,345 million) and ¥1,007,318 million, respectively.

Other current assets as of March 31, 2015 and 2014 included tax receivables of ¥37,933 million ($316 million) and ¥31,789 million, respectively.

16. Bonds and Borrowings

(1) Bonds and Borrowings

Details of the bonds and borrowings (non-current), and interest rates as of March 31, 2015 and 2014 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Secured:			
Loans from banks and insurance companies, maturing serially through 2032, average interest rate 2.56%	¥ 461,057	¥ 432,618	$ 3,842
Bonds payable in U.S. dollars, maturing serially through 2020, fixed interest rate 8.75%	46,513	42,108	388
Bonds payable in Indonesian rupiah, maturing serially through 2014, average interest rate 10.11%	—	4,550	—
Unsecured:			
Loans from banks and insurance companies, maturing serially through 2035, average interest rate 1.03%	3,026,249	2,909,187	25,219
Bonds payable in Japanese yen due, 2014, fixed rates 1.77% to 1.83%	—	20,123	—
2015, floating rate 0.70%	15,000	15,000	125
2016, fixed rates 0.26% to 2.12%	55,953	56,796	466
2017, fixed and floating rates 0.50% to 1.98%	30,382	30,540	253
2018, fixed and floating rates 0.34% to 1.89%	30,505	30,648	254
2019, fixed rates 0.76% to 2.21%	36,577	36,758	305
2020, fixed rates 1.01% to 1.46%	20,897	20,880	174
2022, fixed rates 0.88% to 1.71%	88,783	87,712	740
2023, fixed rate 0.86%	30,438	29,937	254
2024, fixed rates 0.77% to 0.83%	35,261	14,968	294
2029, fixed rates 1.24% to 1.29%	26,421	15,011	220
2030, fixed rate 2.26%	11,729	11,078	98
2031, fixed rate 2.19%	11,517	10,808	96
Medium-term notes, maturing serially through 2020, average interest rate 0.93%	54,641	59,242	455
Subtotal	3,981,923	3,827,964	33,183
Less: Current maturities	(508,643)	(465,411)	(4,239)
Bonds and borrowings (non-current)	¥3,473,280	¥3,362,553	$28,944

Details of the bonds and borrowings (current) as of March 31, 2015 and 2014 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Short-term loans, principally from banks	¥324,565	¥316,941	$2,705
Commercial paper	114,789	94,027	956
Total	¥439,354	¥410,968	$3,661

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, 2015 and 2014 are 1.57% and 1.99%, respectively.

The weighted average interest rates for commercial paper for the years ended March 31, 2015 and 2014 are 0.53% and 0.58%, 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 ($3,708 million) with domestic banks. All these lines of credit were unused as of March 31, 2015.

Most short-term and long-term loans from banks contain certain covenants. The banks may, under certain conditions, require the Companies to provide collateral (or additional collateral) or guarantors.

The banks may treat any collateral as collateral for all indebtedness to the banks. Several of the loan agreements require maintenance of certain financial ratios and minimum levels of tangible net worth. Default provisions of certain agreements grant certain rights of possession to the banks. The borrower may be required to make early repayments of outstanding amounts under some agreements, principally with government-owned financial institutions, if the lender concludes that the borrower is able to repay the outstanding amount through improved earnings or from the proceeds of an equity or debt offering, and the lender makes such a prepayment request. Certain agreements provide that the banks may require the borrower to obtain bank approval prior to presenting proposals for the payment of dividends and other appropriations of earnings at the general meeting of shareholders. The Companies have not been asked to make any prepayments for the years ended March 31, 2015 and 2014, 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, 2015 and 2014.

(2) Assets Pledged as Security

Assets pledged to secure bonds and debt including borrowings as of March 31, 2015 and 2014 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2015	2014	**2015**
Cash and deposits	**¥ 73,050**	¥ 61,398	**$ 609**
Marketable securities and investments	**186,203**	160,522	**1,552**
Trade and other receivables	**555,366**	516,830	**4,628**
Inventories	**78,969**	91,456	**658**
Property, plant and equipment (Carrying amount)	**130,454**	96,279	**1,087**
Investment property (Carrying amount)	**4,138**	4,339	**34**
Leasehold right (Carrying amount)	**452**	—	**4**
Total	**¥1,028,632**	¥930,824	**$8,572**

The corresponding liabilities as of March 31, 2015 and 2014 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2015	2014	**2015**
Bonds, borrowings and others	**¥627,582**	¥637,349	**$5,230**

In addition to the above, marketable securities and investments of ¥12,812 million ($107 million) were pledged in lieu of a monetary deposit as of March 31, 2015.

Trust receipts issued under customary import financing arrangements give recipient banks a security interest in the merchandise imported and/or the accounts receivable or sales proceeds resulting from the sales of such merchandise. The Companies repay the related notes and acceptances payable at the maturity dates without applying the sales proceeds to specific notes or acceptances. The large volume of transactions makes it impracticable to determine the aggregate amounts of assets covered by outstanding trust receipts.

17. Trade and Other Payables

The components of Trade and other payables as of March 31, 2015 and 2014 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Notes payable	¥ 35,392	¥ 44,285	$ 295
Accounts payable	857,030	865,356	7,142
Payables to equity-accounted investees	43,988	55,373	366
Finance lease obligations	82,924	79,924	691
Other payables	163,408	170,061	1,362
Trade and other payables	¥1,182,742	¥1,214,999	$9,856

The amount of Trade and other payables above includes financial liabilities measured at FVTPL of ¥62,645 million ($522 million) and ¥67,000 million as of March 31, 2015 and 2014, respectively.

Payables to equity-accounted investees above include finance lease obligations of ¥7,356 million ($61 million) and ¥8,940 million as of March 31, 2015 and 2014, respectively.

Trade and other payables in the Consolidated statement of financial position as of March 31, 2015 and 2014 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Current liabilities	¥1,051,081	¥1,076,713	$8,759
Non-current liabilities	131,661	138,286	1,097
Total	¥1,182,742	¥1,214,999	$9,856

18. Provisions

The changes in Provisions for the year ended March 31, 2015 are as follows:

	Millions of Yen			
	Asset retirement obligations	Employee benefits	Other provisions	Total
Balance, beginning of year	¥26,113	¥1,625	¥19,622	¥47,360
Provisions made	2,937	95	9,897	12,929
Provisions used	(577)	—	(5,217)	(5,794)
Accretion expense	1,072	—	—	1,072
Others	(2,061)	12	(965)	(3,014)
Balance, end of year	¥27,484	¥1,732	¥23,337	¥52,553

	Millions of Yen			
	Asset retirement obligations	Employee benefits	Other provisions	Total
Current	¥ 154	¥ —	¥ 4,152	¥ 4,306
Non-current	27,330	1,732	19,185	48,247
Total	¥27,484	¥1,732	¥23,337	¥52,553

	Millions of U.S. Dollars			
	Asset retirement obligations	Employee benefits	Other provisions	Total
Balance, beginning of year	$218	$13	$163	$394
Provisions made	24	1	83	108
Provisions used	(5)	—	(43)	(48)
Accretion expense	9	—	—	9
Others	(17)	0	(8)	(25)
Balance, end of year	$229	$14	$195	$438

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	Millions of U.S. Dollars			
	Asset retirement obligations	Employee benefits	Other provisions	Total
Current	**$ 1**	**$ —**	**$ 35**	**$ 36**
Non-current	**228**	**14**	**160**	**402**
Total	**$229**	**$14**	**$195**	**$438**

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, cancellation and costs relating to placing the mine in care and maintenance in Coal-mining projects in Australia.

19. 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, 2015 and 2014 are as follows:

[Changes in the defined benefit obligations]

	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Balance, beginning of year	**¥(311,343)**	¥(306,765)	**$(2,595)**
Service cost	**(10,403)**	(10,384)	**(87)**
Interest on obligation	**(5,669)**	(4,921)	**(47)**
Past service cost	**(729)**	(3)	**(6)**
Remeasurement	**(19,110)**	(9,392)	**(159)**
Exchange differences on translating foreign operations	**(3,421)**	(4,697)	**(28)**
Benefits paid	**13,195**	12,843	**110**
Acquisitions and disposals	**2,297**	11,976	**19**
Balance, end of year	**¥(335,183)**	¥(311,343)	**$(2,793)**

[Changes in the plan assets]

	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Balance, beginning of year	**¥305,503**	¥295,201	**$2,546**
Interest on plan assets	**5,226**	5,195	**44**
Remeasurement	**22,489**	12,416	**187**
Exchange differences on translating foreign operations	**1,393**	1,096	**12**
Contributions by the employer	**15,542**	15,583	**129**
Benefits paid	**(11,574)**	(11,326)	**(96)**
Acquisitions and disposals	**(2,487)**	(12,662)	**(21)**
Balance, end of year	**¥336,092**	¥305,503	**$2,801**

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 25% equity securities, 44% debt securities, and 31% 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, 2015 are as follows:

	Millions of Yen		
Categories of plan assets	Prices are quoted in a market	Prices are not quoted in a market	Total
Cash and cash equivalents	**¥ 42,119**	**¥ —**	**¥ 42,119**
Equity securities:			
Domestic	**33,013**	**—**	**33,013**
Foreign	**60,905**	**—**	**60,905**
Debt securities:			
Domestic	**64,672**	**—**	**64,672**
Foreign	**70,608**	**—**	**70,608**
Hedge funds	**—**	**39,788**	**39,788**
Life insurance company general accounts	**—**	**18,100**	**18,100**
Private equity	**—**	**5,400**	**5,400**
Others	**—**	**1,487**	**1,487**
Total	**¥271,317**	**¥64,775**	**¥336,092**

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

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

The major categories of plan assets as of March 31, 2015 are as follows:

	Millions of U.S. Dollars		
Categories of plan assets	Prices are quoted in a market	Prices are not quoted in a market	Total
Cash and cash equivalents	**$ 351**	**$ —**	**$ 351**
Equity securities:			
Domestic	**275**	**—**	**275**
Foreign	**508**	**—**	**508**
Debt securities:			
Domestic	**539**	**—**	**539**
Foreign	**588**	**—**	**588**
Hedge funds	**—**	**332**	**332**
Life insurance company general accounts	**—**	**151**	**151**
Private equity	**—**	**45**	**45**
Others	**—**	**12**	**12**
Total	**$2,261**	**$540**	**$2,801**

Principal assumptions used in the actuarial valuations for the years ended March 31, 2015 and 2014 are as follows:

	%	
	2015	2014
Discount rate as of March 31	**1.4**	1.8
The expected rate of salary increase	**2.7**	2.6

The changes in the key assumptions may affect the valuations of defined benefit obligations as of March 31, 2015 and 2014, a 0.5% increase in discount rate would lead to a decrease of ¥19,674 million ($164 million) and ¥17,916 million, respectively, a 0.5% decrease in discount rate would lead to an increase of ¥23,744 million ($198 million) and ¥21,800 million, respectively. 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, 2016 are ¥14,756 million ($123 million).

The weighted-average duration of the defined benefit obligation for the year ending March 31, 2015 is 18 years.

The Companies' pension and retirement benefits expense at the defined contribution plans for the years ended March 31, 2015 and 2014 are ¥4,902 million ($41 million) and ¥4,534 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, 2016 are ¥548 million ($5 million).

(2) Employee Benefits Expense

The employee benefits expense included in "Cost" for the years ended March 31, 2015 and 2014 are ¥139,362 million ($1,161 million) and ¥115,983 million, respectively.

20. Common Stock

The numbers of shares authorized and issued as of March 31, 2015 and 2014 are as follows:

	2015 (Number of shares)	2014 (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, 2015 and 2014 included in the number of shares issued shown above were 2,789,578 shares and 2,962,337 shares, respectively.

21. 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 ¥377,474 million ($3,146 million) and ¥469,709 million, shown by the Company's accounting records for the years ended March 31, 2015 and 2014, respectively, were not restricted by the limitations under the Companies Act.

22. Other Components of Equity and Other Comprehensive Income (Loss)

The changes in Other components of equity for the years ended March 31, 2015 and 2014 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Financial assets measured at FVTOCI			
Balance, beginning of year	**¥151,206**	¥118,672	**$1,260**
Adjustment for the year	**65,142**	47,354	**542**
Transfer to retained earnings	**(34,153)**	(14,820)	**(284)**
Balance, end of year	**¥182,195**	¥151,206	**$1,518**
Remeasurements of defined benefit pension plans			
Balance, beginning of year	**¥ —**	¥ —	**$ —**
Adjustment for the year	**(115)**	487	**(1)**
Transfer to retained earnings	**115**	(487)	**1**
Balance, end of year	**¥ —**	¥ —	**$ —**
Exchange differences on translating foreign operations			
Balance, beginning of year	**¥206,931**	¥ 65,308	**$1,724**
Adjustment for the year	**158,778**	141,623	**1,324**
Balance, end of year	**¥365,709**	¥206,931	**$3,048**
Cash-flow hedges			
Balance, beginning of year	**¥ (11,915)**	¥ (10,936)	**$ (99)**
Adjustment for the year	**(4,646)**	(979)	**(39)**
Balance, end of year	**¥ (16,561)**	¥ (11,915)	**$ (138)**
Other components of equity			
Balance, beginning of year	**¥346,222**	¥173,044	**$2,885**
Adjustment for the year	**219,159**	188,485	**1,826**
Transfer to retained earnings	**(34,038)**	(15,307)	**(283)**
Balance, end of year	**¥531,343**	¥346,222	**$4,428**

The following table provides each component of Other comprehensive income (loss) included in Non-controlling interests for the years ended March 31, 2015 and 2014.

	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Financial assets measured at FVTOCI	**¥1,141**	¥ 261	**$10**
Remeasurements of defined benefit pension plans	**252**	982	**2**
Exchange differences on translating foreign operations	**4,968**	5,710	**41**
Cash-flow hedges	**2**	5	**0**
Other comprehensive income (loss)	**¥6,363**	¥6,958	**$53**

Financial Section

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, 2015 and 2014.

2015	Millions of Yen Pretax amount	Tax (expense) or benefit	Net-of-tax amount
Financial assets measured at FVTOCI:			
Gains (losses) recorded in other comprehensive income during the year	**¥ 89,513**	**¥(24,668)**	**¥ 64,845**
Adjustment for the year	**89,513**	**(24,668)**	**64,845**
Remeasurements of defined benefit pension plans:			
Gains (losses) recorded in other comprehensive income during the year	**3,379**	**(3,966)**	**(587)**
Adjustment for the year	**3,379**	**(3,966)**	**(587)**
Exchange differences on translating foreign operations:			
Aggregated adjustment during the year resulting from translation of foreign currency financial statements	**156,239**	**11,517**	**167,756**
Reclassification to profit or loss for the year	**(3,992)**	**(18)**	**(4,010)**
Adjustment for the year	**152,247**	**11,499**	**163,746**
Cash-flow hedges:			
Unrealized gains (losses) arising during the year	**(10,019)**	**2,174**	**(7,845)**
Reclassification to profit or loss for the year	**14,899**	**(3,883)**	**11,016**
Adjustment for the year	**4,880**	**(1,709)**	**3,171**
Share of other comprehensive income of investments accounted for using the equity method:			
Unrealized gains (losses) arising during the year	**(9,141)**	**(15)**	**(9,156)**
Reclassification to profit or loss for the year	**3,503**	**—**	**3,503**
Adjustment for the year	**(5,638)**	**(15)**	**(5,653)**
Total other comprehensive income (loss)	**¥244,381**	**¥(18,859)**	**¥225,522**

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

2015	Millions of U.S. Dollars Pretax amount	Tax (expense) or benefit	Net-of-tax amount
Financial assets measured at FVTOCI:			
Gains (losses) recorded in other comprehensive income during the year	$ 746	$(206)	$ 540
Adjustment for the year	746	(206)	540
Remeasurements of defined benefit pension plans:			
Gains (losses) recorded in other comprehensive income during the year	28	(33)	(5)
Adjustment for the year	28	(33)	(5)
Exchange differences on translating foreign operations:			
Aggregated adjustment during the year resulting from translation of foreign currency financial statements	1,302	96	1,398
Reclassification to profit or loss for the year	(33)	(0)	(33)
Adjustment for the year	1,269	96	1,365
Cash-flow hedges:			
Unrealized gains (losses) arising during the year	(84)	18	(66)
Reclassification to profit or loss for the year	124	(32)	92
Adjustment for the year	40	(14)	26
Share of other comprehensive income of investments accounted for using the equity method:			
Unrealized gains (losses) arising during the year	(76)	(0)	(76)
Reclassification to profit or loss for the year	29	—	29
Adjustment for the year	(47)	(0)	(47)
Total other comprehensive income (loss)	$2,036	$(157)	$1,879

23. Dividends

(1) Dividends paid during the years ended March 31, 2015 and 2014 are as follows:

Resolution	Class of shares	Amount of dividends Millions of Yen (Millions of U.S. Dollars)	Dividends per share Yen (U.S. Dollars)	Record date	Effective date
Ordinary general meeting of shareholders held on June 21, 2013	Ordinary shares	¥26,260	¥21	March 31, 2013	June 24, 2013
Board of Directors' meeting held on October 31, 2013	Ordinary shares	¥28,762	¥23	September 30, 2013	December 2, 2013
Ordinary general meeting of shareholders held on June 20, 2014	Ordinary shares	¥29,943 ($250)	¥24 ($0.20)	March 31, 2014	June 23, 2014
Board of Directors' meeting held on September 29, 2014	Ordinary shares	¥31,192 ($260)	¥25 ($0.21)	September 30, 2014	December 1, 2014

(2) Dividends whose record date is in the current fiscal year but whose effective date is in the following fiscal year are as follows:

Resolution	Class of shares	Amount of dividends Millions of Yen (Millions of U.S. Dollars)	Source of dividends	Dividends per share Yen (U.S. Dollars)	Record date	Effective date
Ordinary general meeting of shareholders held on June 23, 2015	Ordinary shares	¥31,195 ($260)	Retained earnings	¥25 ($0.21)	March 31, 2015	June 24, 2015

24. 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 14, 2014, the Board of Directors authorized the issue of new stock options for up to 202,000 shares of common stock. The options for 202,000 shares were granted under these authorizations. On May 15, 2015, the Board of Directors authorized the issue of new stock options for up to 178,000 shares of common stock.

The Company's stock option activities for the years ended March 31, 2015 and 2014 are as follows:

	2015			2014	
		Weighted average exercise price			Weighted average exercise price
	Number of shares	Yen	U.S. Dollars	Number of shares	Yen
Outstanding, beginning of year	**482,000**	**¥1,187**	**$10**	547,000	¥1,150
Granted	**202,000**	**1,441**	**12**	198,000	1,312
Exercised	**112,800**	**1,090**	**9**	121,000	1,075
Cancelled or expired	**36,000**	**1,217**	**10**	142,000	1,312
Outstanding, end of year	**535,200**	**1,302**	**11**	482,000	1,187
Options exercisable, end of year	**334,200**	**¥1,218**	**$10**	285,000	¥1,101

Stock options outstanding and exercisable as of March 31, 2015 are as follows:

	2015						
	Outstanding				Exercisable		
Exercise price range		Weighted average exercise price		Weighted average remaining life		Weighted average exercise price	
Yen	Number of shares	Yen	U.S. Dollars	in years	Number of shares	Yen	U.S. Dollars
¥1,001–1,200	**155,200**	**¥1,110**	**$ 9**	**1.79**	**155,200**	**¥1,110**	**$ 9**
1,201–1,400	**179,000**	**1,312**	**11**	**3.25**	**179,000**	**1,312**	**11**
1,401–1,600	**201,000**	**1,441**	**12**	**4.25**	**—**	**—**	**—**
	535,200	**¥1,302**	**$11**	**3.20**	**334,200**	**¥1,218**	**$10**

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

	2015	2014
Expected life (year)	**4.5**	4.5
Risk-free rate (%)	**0.13**	0.25
Expected volatility (%)	**24.32**	28.08
Expected dividend yield (%)	**3.41**	3.48

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 directors and executive officers of the Company. The options are exercisable for ten years from that date.

On May 14, 2014, the Board of Directors authorized the issue of new stock options under these stock-linked compensation plans for up to 250,000 shares of common stock. Options for 151,100 shares were granted under these authorizations. On May 15, 2015, the Board of Directors authorized the issue of new stock options for up to 220,000 shares of common stock based on the plans.

The Company's stock-linked compensation plans for the years ended March 31, 2015 and 2014 are as follows:

	2015	2014
	Number of shares	Number of shares
Outstanding, beginning of year	**886,900**	759,900
Granted	**151,100**	156,900
Exercised	**65,800**	29,900
Cancelled or expired	**—**	—
Outstanding, end of year	**972,200**	886,900
Options exercisable, end of year	**252,700**	240,400

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

	2015	2014
Expected life (year)	**2.62**	3.03
Risk-free rate (%)	**0.08**	0.14
Expected volatility (%)	**22.05**	25.16
Expected dividend yield (%)	**3.88**	3.73

Compensation expense incurred on the stock option plans and the stock-linked compensation plans for the years ended March 31, 2015 and 2014 are ¥215 million ($2 million) and ¥227 million, respectively.

25. 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 refer to the maximum loss exposure and are 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 is 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 Companies Act).

(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.

Foreign currency sensitivity analysis

The following table represents the Companies' sensitivity analysis for foreign currency risk exposures on U.S. Dollars. 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 U.S. Dollars for the risk exposures arising from foreign currency trade receivables and payables, future contracts for sale and purchase transactions, derivatives and others 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
	2015	2014	2015
Profit before tax	**¥(173)**	¥162	**$(1)**

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 is 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, 2015 and 2014 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
	2015	2014	2015
Profit before tax	**¥(15,609)**	¥(13,385)	**$(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, 2015 and 2014:

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

	Millions of Yen			
	2015			
	At year-end	High	Low	Average
VaR	**¥5,541**	**¥5,541**	**¥2,913**	**¥4,080**

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

	Millions of U.S. Dollars			
	2015			
	At year-end	High	Low	Average
VaR	**$46**	**$46**	**$24**	**$34**

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, 2014 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 with leading domestic and international financial institutions and several uncommitted lines of credit to reduce the liquidity risk.

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The Companies' remaining contractual maturities for non-derivative financial liabilities (excluding lease obligations and some other liabilities) as of March 31, 2015 and 2014 are as follows:

	Millions of Yen			
	Due in 1 year or less	Due after 1 year through 5 years	Due after 5 years	Total
2015				
Bonds and borrowings	**¥ 947,997**	**¥2,015,989**	**¥1,457,291**	**¥4,421,277**
Trade and other payables	**1,017,605**	**42,318**	**31,097**	**1,091,020**
Financial guarantee contracts	**163,763**	**42,184**	**69,323**	**275,270**
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

	Millions of U.S. Dollars			
	Due in 1 year or less	Due after 1 year through 5 years	Due after 5 years	Total
2015				
Bonds and borrowings	**$7,900**	**$16,800**	**$12,144**	**$36,844**
Trade and other payables	**8,480**	**353**	**259**	**9,092**
Financial guarantee contracts	**1,365**	**351**	**578**	**2,294**

The Companies' liquidity analysis for derivatives as of March 31, 2015 and 2014 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
2015					
Interest rate contracts	cash receipt/	**¥ 10,727**	**¥ 29,506**	**¥17,809**	**¥ 58,042**
	(payment)	**(2,040)**	**(3,262)**	**(3,349)**	**(8,651)**
Foreign exchange contracts	cash receipt/	**18,987**	**78,658**	**3,373**	**101,018**
	(payment)	**(20,494)**	**(13,164)**	**—**	**(33,658)**
Commodity contracts	cash receipt/	**93,128**	**36,070**	**2,496**	**131,694**
	(payment)	**(65,224)**	**(38,011)**	**(2,832)**	**(106,067)**
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)

		Millions of U.S. Dollars			
		Due in 1 year or less	Due after 1 year through 5 years	Due after 5 years	Total
2015					
Interest rate contracts	cash receipt/	**$ 89**	**$ 246**	**$149**	**$ 484**
	(payment)	**(17)**	**(27)**	**(28)**	**(72)**
Foreign exchange contracts	cash receipt/	**158**	**655**	**28**	**841**
	(payment)	**(171)**	**(109)**	**—**	**(280)**
Commodity contracts	cash receipt/	**776**	**301**	**21**	**1,098**
	(payment)	**(543)**	**(317)**	**(24)**	**(884)**

(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, 2015 and 2014 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	
	2015	
	Carrying amounts	Fair value
Financial assets measured at amortized cost:		
Trade and other receivables	**¥2,324,314**	**¥2,331,356**
Financial liabilities measured at amortized cost:		
Bonds and borrowings	**4,421,277**	**4,438,184**
Trade and other payables	**1,120,097**	**1,120,080**

	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

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	Millions of U.S. Dollars	
	2015	
	Carrying amounts	Fair value
Financial assets measured at amortized cost:		
Trade and other receivables	$19,370	$19,428
Financial liabilities measured at amortized cost:		
Bonds and borrowings	36,844	36,985
Trade and other payables	9,334	9,334

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, 2015 and 2014 are as follows:

	Millions of Yen			
2015	Level 1	Level 2	Level 3	Total
Assets:				
Securities and other investments				
Financial assets measured at FVTPL	¥ 18,957	¥ 4	¥ 25,544	¥ 44,505
Financial assets measured at FVTOCI	367,078	—	84,865	451,943
Trade and other receivables measured at FVTPL	—	25,681	—	25,681
Other financial assets (derivatives)				
Derivatives designated as hedges	—	71,056	—	71,056
Derivatives not designated as hedges	7,287	211,492	—	218,779
Total	¥393,322	¥ 308,233	¥110,409	¥ 811,964
Liabilities:				
Trade and other payables measured at FVTPL	¥ —	¥ (62,645)	¥ —	¥ (62,645)
Other financial liabilities (derivatives)				
Derivatives designated as hedges	—	(20,897)	—	(20,897)
Derivatives not designated as hedges	(9,194)	(115,758)	(2,366)	(127,318)
Total	¥ (9,194)	¥(199,300)	¥ (2,366)	¥(210,860)

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)

2015	Millions of U.S. Dollars Level 1	Level 2	Level 3	Total
Assets:				
Securities and other investments				
Financial assets measured at FVTPL	**$ 158**	**$ 0**	**$213**	**$ 371**
Financial assets measured at FVTOCI	**3,059**	**—**	**707**	**3,766**
Trade and other receivables measured at FVTPL	**—**	**214**	**—**	**214**
Other financial assets (derivatives)				
Derivatives designated as hedges	**—**	**592**	**—**	**592**
Derivatives not designated as hedges	**61**	**1,762**	**—**	**1,823**
Total	**$3,278**	**$ 2,568**	**$920**	**$ 6,766**
Liabilities:				
Trade and other payables measured at FVTPL	**$ —**	**$ (522)**	**$ —**	**$ (522)**
Other financial liabilities (derivatives)				
Derivatives designated as hedges	**—**	**(174)**	**—**	**(174)**
Derivatives not designated as hedges	**(77)**	**(964)**	**(20)**	**(1,061)**
Total	**$ (77)**	**$(1,660)**	**$ (20)**	**$(1,757)**

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, 2015 is as follows:

2015	Millions of Yen Financial assets measured at FVTPL	Financial assets measured at FVTOCI	Net other financial assets (liabilities)
Balance, beginning of year	**¥26,608**	**¥ 87,157**	**¥(8,030)**
Purchases	**4,771**	**5,213**	**—**
Comprehensive income			
Profit or loss for the year	**(1,509)**	**—**	**1,939**
Other comprehensive income	**—**	**6,445**	**—**
Disposals	**(4,056)**	**(10,364)**	**—**
Settlements	**(270)**	**(3,586)**	**3,725**
Balance, end of year	**¥25,544**	**¥ 84,865**	**¥(2,366)**
Profit or loss for the year included in earnings relating to financial instruments still held at the end of year	**¥ (2,983)**	**¥ —**	**¥ 1,798**

2015	Millions of U.S. Dollars Financial assets measured at FVTPL	Financial assets measured at FVTOCI	Net other financial assets (liabilities)
Balance, beginning of year	$222	$726	$(67)
Purchases	40	43	—
Comprehensive income			
Profit or loss for the year	(13)	—	16
Other comprehensive income	—	54	—
Disposals	(34)	(86)	—
Settlements	(2)	(30)	31
Balance, end of year	$213	$707	$(20)
Profit or loss for the year included in earnings relating to financial instruments still held at the end of year	$ (25)	$ —	$ 15

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, 2015 and 2014, net gains or losses for hedged items were net losses of ¥8,508 million ($71 million) and net gains of ¥9,180 million, respectively, and net gains or losses for hedging instruments were net gains of ¥8,508 million ($71 million) and net losses of ¥9,180 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, 2015 and 2014, 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 ¥5,606 million ($47 million) and net losses of ¥2,191 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, 2015 and 2014 are as follows:

	Millions of Yen				
2015	Fair-value hedges	Cash-flow hedges	Hedges of net investment in foreign operations	Derivatives not designated as hedges	Total
[Derivative assets]					
Interest rate contracts	**¥55,552**	**¥ 621**	**¥ —**	**¥ 950**	**¥ 57,123**
Foreign exchange contracts	**—**	**9,266**	**—**	**91,752**	**101,018**
Commodity contracts	**—**	**5,617**	**—**	**126,077**	**131,694**
Total	**¥55,552**	**¥ 15,504**	**¥ —**	**¥ 218,779**	**¥ 289,835**
Other financial assets (current)					**101,706**
Other financial assets (non-current)					**174,403**
Total					**¥ 276,109**
[Derivative liabilities]					
Interest rate contracts	**¥ (1,123)**	**¥ (5,962)**	**¥ —**	**¥ (1,405)**	**¥ (8,490)**
Foreign exchange contracts	**—**	**(7,740)**	**(4,384)**	**(21,534)**	**(33,658)**
Commodity contracts	**—**	**(1,688)**	**—**	**(104,379)**	**(106,067)**
Total	**¥ (1,123)**	**¥(15,390)**	**¥(4,384)**	**¥(127,318)**	**¥(148,215)**
Other financial liabilities (current)					**(77,005)**
Other financial liabilities (non-current)					**(69,775)**
Total					**¥(146,780)**

Other than the above, the Companies have foreign currency borrowings of ¥88,365 million ($736 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 ¥48,079 million ($401 million).

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

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

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2015	Millions of U.S. Dollars				
	Fair-value hedges	Cash-flow hedges	Hedges of net investment in foreign operations	Derivatives not designated as hedges	Total
[Derivative assets]					
Interest rate contracts	$463	$ 5	$ —	$ 8	$ 476
Foreign exchange contracts	—	77	—	764	841
Commodity contracts	—	47	—	1,051	1,098
Total	$463	$ 129	$ —	$ 1,823	$ 2,415
Other financial assets (current)					847
Other financial assets (non-current)					1,453
Total					$ 2,300
[Derivative liabilities]					
Interest rate contracts	$ (9)	$ (50)	$ —	$ (12)	$ (71)
Foreign exchange contracts	—	(64)	(37)	(179)	(280)
Commodity contracts	—	(14)	—	(870)	(884)
Total	$ (9)	$(128)	$(37)	$(1,061)	$(1,235)
Other financial liabilities (current)					(642)
Other financial liabilities (non-current)					(582)
Total					$(1,224)

26. Exchange Difference Gains and Losses

Gains and losses resulting from translating assets and liabilities denominated in a currency other than the functional currency of the reporting entity or from settling such items are included in profit or loss as they arise. Net exchange difference losses of ¥697 million ($6 million) and gains of ¥13,338 million are included in the Consolidated statement of comprehensive income for the years ended March 31, 2015 and 2014, respectively.

27. Selling, General and Administrative Expenses

The components of Selling, general and administrative expenses for the years ended March 31, 2015 and 2014 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Employee benefits expenses	¥388,860	¥367,556	$3,241
Equipment expenses	124,925	118,230	1,041
Travel and transportation expenses	29,008	27,742	242
Outsourcing expenses	58,134	56,389	484
Advertising expenses	31,069	27,686	259
Amortization expenses	20,542	18,958	171
Impairment losses on receivables	8,765	6,109	73
Others	93,887	83,683	782
Selling, general and administrative expenses	¥755,190	¥706,353	$6,293

Equipment expenses disclosed above mainly include rental expenses and depreciation of property, plant and equipment.

28. Other, net

The provisions, etc. of ¥6,838 million ($57 million) for costs relating to placing the mine in care and maintenance in Coal-mining projects in Australia are recognized for the year ended March 31, 2015. ¥5,470 million ($46 million) and ¥1,368 million ($11 million) are recognized in the Mineral Resources, Energy, Chemical & Electronics segment and the Overseas Subsidiaries and Branches segment, respectively.

29. Finance Income and Costs

The components of Finance income and costs for the years ended March 31, 2015 and 2014 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Interest income:			
Financial assets measured at FVTPL	¥ 70	¥ 85	$ 0
Financial assets measured at amortized cost	18,324	11,032	153
Derivatives	2,324	2,757	19
Total	20,718	13,874	172
Interest expense:			
Financial liabilities measured at amortized cost	(47,752)	(45,441)	(398)
Derivatives	14,072	14,125	117
Total	(33,680)	(31,316)	(281)
Dividends:			
Financial assets measured at FVTPL	2,026	2,107	17
Financial assets measured at FVTOCI	15,216	12,765	127
Total	17,242	14,872	144
Gain (loss) on securities and other investments, net:			
Financial assets measured at FVTPL	(2,293)	1,776	(19)
Others	14,734	7,064	123
Total	¥ 12,441	¥ 8,840	$ 104

Others of "Gain (loss) on securities and other investments, net" are mainly gains and losses on investments in subsidiaries and associates. Gains of ¥14,524 million ($121 million), such as deconsolidation of subsidiaries are recognized for the year ended March 31, 2015. Gains of ¥4,285 million on previously held interests in newly acquired subsidiaries were recognized for the year ended March 31, 2014.

In addition to the above, gains or losses on revaluation of derivatives not designated as hedges for the years ended March 31, 2015 and 2014 are gains of ¥34,899 million ($291 million) and ¥17,929 million in "Revenues" and "Cost," and gains of ¥150 million ($1 million) and ¥680 million in "Other, net," respectively.

Interest income from financial assets measured at amortized cost for the years ended March 31, 2015 and 2014 are ¥90,579 million ($755 million) and ¥72,496 million in "Revenues," and interest expense from financial liabilities measured at amortized cost are ¥28,198 million ($235 million) and ¥23,988 million in "Cost," respectively.

30. Income Tax Expense

Income tax expense for the years ended March 31, 2015 and 2014 is as follows:

	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Current tax	¥31,251	¥36,862	$260
Deferred tax	21,005	33,526	175
Total	¥52,256	¥70,388	$435

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 36% and 38% for the years ended March 31, 2015 and 2014, respectively. Foreign subsidiaries are subject to income taxes of the countries in which they operate.

In Japan, following the promulgation on March 31, 2015 of the "Act for Partial Revision of the Income Tax Act, etc." (Act No. 9 of 2015) and the "Act for Partial Revision of the Local Tax Act, etc." (Act No. 2 of 2015), effective from fiscal years beginning on and after April 1, 2015, corporate tax rates will be reduced. In accordance with this reform, the effective statutory tax rate, used to measure deferred tax assets and deferred tax liabilities, will be reduced to 33% from 36% for temporary differences and others that are expected to be realized during the fiscal year beginning on April 1, 2015, and to 32% for temporary differences and others that are expected to be realized during and after the fiscal year beginning on April 1, 2016. The effects due to this change on income tax expense and other comprehensive income are immaterial.

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, 2015 and 2014 are as follows:

	%	
	2015	2014
The applicable income tax rate in Japan	**36.0**	38.0
Tax effect on equity-accounted investees	**22.8**	(12.6)
Tax effect on expenses not deductible for tax purposes	**(39.0)**	0.8
Difference in applicable tax rate of foreign subsidiaries	**86.0**	(6.0)
Reassessment of the recoverability of deferred tax assets	**(400.2)**	3.1
Others—net	**12.9**	(0.2)
The Companies' average effective income tax rate	**(281.5)**	23.1

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, 2015 and 2014 is as follows:

	Millions of Yen		Millions of U.S. Dollars
	2015	2014	**2015**
Profit (loss) for the year attributable to owners of the parent	**¥(73,170)**	¥223,064	**$(610)**

	Number of shares	
	2015	2014
Weighted-average shares—basic	**1,247,696,887**	1,249,036,900
Dilutive effect of: Stock options	**—**	891,250
Weighted-average shares—diluted	**1,247,696,887**	1,249,928,150

	Yen		U.S. Dollars
	2015	2014	**2015**
Earnings per share (attributable to owners of the parent):			
Basic	**¥(58.64)**	¥178.59	**$(0.49)**
Diluted	**(58.64)**	178.46	**(0.49)**

* Diluted earnings per share does not include stock options due to the anti-dilutive effect caused by the loss during the year ended March 31, 2015.

32. Cash Flow Information

Supplemental disclosure of cash flow information for the years ended March 31, 2015 and 2014 is as follows:

	Millions of Yen		Millions of U.S. Dollars
	2015	2014	**2015**
Non-cash investing and financing activities:			
Finance lease obligations incurred	**¥ 5,396**	¥ 12,978	**$ 45**
Acquisition of subsidiaries:			
Total consideration paid	**(7,593)**	(59,530)	**(63)**
Cash and cash equivalents included in assets acquired	**803**	5,480	**6**
Acquisition of subsidiaries, net of cash and cash equivalents acquired	**¥(6,790)**	¥(54,050)	**$(57)**

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, 2015 was ¥29,182 million ($243 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	**¥ 4,125**	**$ 34**
Trade and other receivables	**16,563**	**138**
Property, plant and equipment	**28,649**	**239**
Intangible assets	**3,833**	**32**
Other assets	**4,049**	**34**
Current liabilities	**(14,925)**	**(124)**
Non-current liabilities	**(20,293)**	**(169)**

The total consideration received in respect of sales of subsidiaries for the year ended March 31, 2014 was ¥10,338 million. Each major class of assets and liabilities at the point of sale is as follows:

	Millions of Yen
Cash and cash equivalents	¥ 3,093
Trade and other receivables	9,168
Property, plant and equipment	33,903
Intangible assets	17,582
Other assets	15,409
Current liabilities	(18,577)
Non-current liabilities	(33,635)

33. Related Party Transactions

Compensation for Directors

The remuneration for directors for the years ended March 31, 2015 and 2014 is as follows:

	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
1. Monthly remuneration	**¥729**	¥ 738	**$6**
2. Bonuses resolved at the 146th ordinary general meeting of shareholders	**—**	203	**—**
3. Expenses recognized for the grant of the 13th of stock option issued on August 1, 2014	**8**	—	**0**
4. Expenses recognized for the grant of the 12th of stock option issued on July 31, 2013	**—**	11	**—**
5. Expenses recognized for the grant of the 9th of stock option (stock-linked compensation plan) issued on August 1, 2014	**67**	—	**1**
6. Expenses recognized for the grant of the 8th of stock option (stock-linked compensation plan) issued on July 31, 2013	**23**	70	**0**
7. Expenses recognized for the grant of the 7th of stock option (stock-linked compensation plan) issued on July 31, 2012	**—**	26	**—**
Total	**¥827**	¥1,048	**$7**

34. Subsidiaries

The Companies' subsidiaries as of March 31, 2015 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
	Nippon Katan Co., Ltd.	Hirakata, Osaka	100.00
	SC Metal Pty. Ltd.	Melbourne, Australia	100.00 (10.00)
	Sumisho Steel Corporation (Hong Kong) Limited	Hong Kong, China	100.00 (10.00)
	ERYNGIUM Ltd.	Glasgow, England	100.00 (70.00)
	SC Pipe Services Inc.	Houston, U.S.	100.00 (100.00)
	K + S GmbH	Sachsenheim, Germany	100.00 (40.00)
	SC Steel Investment, LLC	Wilmington, U.S.	100.00
	SC Tubular and Steel Products (M.E.) FZCO	Dubai, U.A.E	100.00 (100.00)
	Edgen Group Inc.	Baton Rouge, U.S.	100.00 (100.00)
	Servilamina Summit Mexicana S.A. de C.V.	Queretaro, Mexico	100.00 (30.00)
	Tianjin Hua Zhu Metal Products Co., Ltd.	Tianjin, China	68.11 (6.81)
	Others (78 Companies)		
Transportation & Construction Systems	KIRIU Corporation	Ashikaga, Tochigi	100.00 (0.24)
	P.T. Summit Oto Finance	Jakarta, Indonesia	100.00 (15.00)
	SMS Construction and Mining Systems Inc.	Acheson, Canada	100.00 (35.14)
	Tecnologia para La Construccion y Mineria S.L.	Madrid, Spain	100.00 (60.00)
	P.T. Oto Multiartha	Jakarta, Indonesia	100.00 (15.00)
	SMS International Corporation	Plant City, U.S.	100.00 (100.00)
	Triton Navigation B.V.	Amsterdam, Netherlands	100.00 (100.00)
	Toyota Ukraine	Kiev, Ukraine	100.00
	Sumitec International, Ltd.	Moscow, Russia	100.00 (100.00)
	SC Construction Machinery (Shanghai) Corporation	Shanghai, China	100.00 (10.00)
	Summit Investment Australia Pty. Limited	Rydalmere, Australia	100.00 (15.00)
	Nissan Otomotiv A.S.	Istanbul, Turkey	99.36 (10.06)
	Others (80 Companies)		

Business segment	Name of subsidiary	Place of incorporation and operation	Proportion of voting power held by the 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)
	Summit Renewable Energy Europe Limited	London, England	100.00 (30.00)
	Others (46 Companies)		
Media, Network, Lifestyle Related Goods & Services	SCSK Corporation	Koto-ku, Tokyo	51.21
	Summit, Inc.	Suginami-ku, Tokyo	100.00
	Sumisho Brand Management Corporation	Chiyoda-ku, Tokyo	100.00 (0.92)
	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 Forests New Zealand Limited	Auckland, New Zealand	100.00 (20.00)
	Sumitomo Corporation Equity Asia Limited	Hong Kong, China	100.00 (20.00)
	Others (102 Companies)		
Mineral Resources, Energy, Chemical & Electronics	Sumitomo Shoji Chemicals Co., Ltd.	Chuo-ku, Tokyo	100.00
	Sumitronics Corporation	Chuo-ku, Tokyo	100.00
	Nusa Tenggara Mining Corporation	Chuo-ku, Tokyo	74.28
	Serra Azul Iron Ore, LLC	Chuo-ku, Tokyo	100.00
	Sumi Agro Europe Limited	London, England	100.00 (20.00)
	Interacid Trading S.A.	Lausanne, Switzerland	100.00 (30.00)
	Minera San Cristobal S.A.	La Paz, Bolivia	100.00 (100.00)
	Sumisho Coal Australia Pty. Ltd.	Sydney, Australia	100.00
	SC Minerals America, Inc.	Denver, U.S.	100.00 (15.25)
	Petro Summit Pte. Ltd.	Singapore	100.00 (20.00)
	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 (0.05)
	Comercial Metales Blancos AB	Goeteborg, 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)

Business segment	Name of subsidiary	Place of incorporation and operation	Proportion of voting power held by the Companies (%)
Mineral Resources, Energy, Chemical & Electronics	SC Sierra Gorda Finance B.V.	Amsterdam, Netherlands	100.00
	Sumitomo Corporation Global Commodities Limited.	London, England	100.00 (32.67)
	SCAP C Pty Ltd.	Sydney, Australia	100.00
	Summit Exploration and Production Limited	London, England	100.00 (15.00)
	Pacific Summit Energy LLC	Newport Beach, U.S.	100.00 (100.00)
	Summit Discovery Resources III LLC	Houston, U.S.	100.00 (100.00)
	Others (75 Companies)		
Overseas Subsidiaries and Branches	Sumitomo Corporation of Americas	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 (11.95)
	Sumitomo Corporation Taiwan Ltd.	Taipei, Taiwan	100.00 (100.00)
	Sumitomo Corporation (Central Eurasia) LLC	Moscow, Russia	100.00
	Sumitomo Corporation Korea Ltd.	Seoul, Korea	100.00
	Others (132 Companies)		
Others	Sumitomo Shoji Financial Management Co., Ltd.	Chuo-ku, Tokyo	100.00
	Yasato Kosan Co., Ltd.	Chuo-ku, Tokyo	100.00
	Others (5 Company)		

*1 The percentage in the parenthesis under “Proportion of voting power held by the Companies” indicates the indirect ownership out of the total ownership noted above.
*2 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 with Equity-accounted investees at fixed prices or at basic purchase prices adjustable to market amounted to ¥647,998 million ($5,400 million) as of March 31, 2015. Scheduled deliveries are at various dates through 2024. The Companies also had financing commitments in connection with loan, investments in equity capital and had contracts for the use of equipment, the aggregate amount of ¥1,055,349 million ($8,795 million), ¥93,001 million ($775 million) out of this aggregate amount with Equity-accounted investees, as of March 31, 2015.

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, 2015:

	Millions of Yen	Millions of U.S. Dollars
	2015	2015
Guarantees of indebtedness to:		
Equity-accounted investees	**¥155,490**	**$1,296**
Third parties	**112,678**	**939**
Employees	**634**	**5**
Residual value guarantees for leases	**6,468**	**54**
Total	**¥275,270**	**$2,294**

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 2025. Guarantees with third party guarantee aggregated to ¥5,147 million ($43 million) as of March 31, 2015. 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. 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 provide 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, 2015.

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

There are no subsequent events to be disclosed as of June 23, 2015, the date the Annual Security Report was filed.

37. Approval of Consolidated Financial Statements

The Consolidated financial statements were approved by Kuniharu Nakamura, CEO, and Hiroyuki Inohara, CFO, on June 23, 2015.

KPMG

Independent Auditors' Report

The Board of Directors and Shareholders
Sumitomo Corporation:

We have audited the accompanying consolidated financial statements of Sumitomo Corporation and its subsidiaries, which comprise the consolidated statement of financial position as of March 31, 2015, 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, 2015, 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 U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2015 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 2(3) to the consolidated financial statements.

KPMG AZSA LLC

June 23, 2015
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, 2015) 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. 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.

Risk related to mineral resources, oil and gas development projects

Our business in mineral resources, oil and gas development projects involve the following risks. Any occurrence of these events could have an adverse effect on our operating results and financial conditions.

- development of projects may face schedule delays or cost overruns compared to original plans;
- we appoint an expert to estimate the reserves before participating the project, but it may significantly differ after operating;
- production may be lower than originally planned or production cost may increase due to difficulties in technical conditions; and
- the plan may not be able to perform due to governmental regulations such as delay of acquiring/renewal of approval, tax reform, takeover of business property and infringement.

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. 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.

Corporate Profile

(As of March 31, 2015)

Sumitomo Corporation

Date of Establishment: December 24, 1919

Sumitomo Corporation Shareholders' Equity: ¥2,481.4 billion

Fiscal Year: From April 1 of each year through March 31 of the following year

Number of Consolidated Subsidiaries: 596 (Overseas 487, Domestic 109)

Associated Companies [Equity Method]: 266 (Overseas 215, Domestic 51)

Total: 862

Number of Employees: Total, including Consolidated Subsidiaries 75,448
Non-consolidated 5,371*

Headquarters: 1-8-11, Harumi, Chuo-ku, Tokyo 104-8610, Japan

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

* Including the 163 employees employed at overseas offices

Stock Information

(As of March 31, 2015)

Stock Listings: Tokyo, Nagoya, Fukuoka

American Depository Receipts:
Ratio: 1ADR:1ORD
Exchange: OTC (Over-the-Counter)
Symbol: SSUMY
CUSIP Number: 865613103

Depository and Registrar:
Citibank, N.A. Depositary Receipts Services, P.O. Box 43077, Providence, Rhode Island 02940-3077, U.S.A.

Toll Free Number: 1-877-248-4237 (CITI-ADR)

Overseas Dial-in: 1-781-575-4555

E-mail: citibank@shareholders-online.com

URL: http://www.citi.com/adr

Stock Information (As of March 31, 2015)

Number of Issued Shares: 1,250,602,867 (including 2,789,578 treasury shares)

Number of Shareholders: 167,087

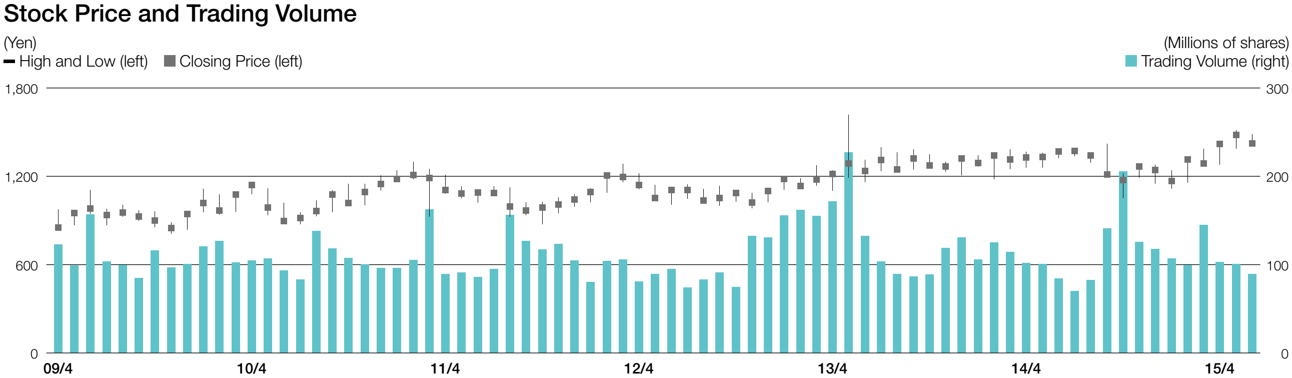
Major Shareholders

	Name	Number of Shares (Thousands of Shares)	Shareholding Ratio (%)
1	The Master Trust Bank of Japan, Ltd. (trust account)	65,422	5.24
2	Japan Trustee Services Bank, Ltd. (trust account)	55,647	4.46
3	Liberty Programming Japan, LLC	45,652	3.66
4	JP Morgan Chase Bank 385632	36,761	2.95
5	Sumitomo Life Insurance Company	30,855	2.47
6	Mitsui Sumitomo Insurance Company, Limited	27,227	2.18
7	Barclays Securities Japan Limited	20,000	1.60
8	Japan Trustee Services Bank, Ltd. (trust account 4)	19,274	1.54
9	Japan Trustee Services Bank, Ltd. (trust account 9)	17,569	1.41
10	The Bank of New York Mellon SA/NV 10	15,989	1.28

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 (2,789,578 shares) from the total number of issued shares—and rounding to the nearest hundredth of a percent.

Shareholder Composition

Stock Price and Trading Volume



		14/4	5	6	7	8	9	10	11	12	15/1	2	3	4	5	6
Stock Price (Yen)	Closing Price	1,327	1,332	1,368	1,370	1,343	1,210	1,176	1,266	1,242	1,168	1,315	1,285	1,418	1,481	1,424
	High	1,366	1,360	1,377	1,394	1,358	1,419	1,221	1,286	1,279	1,240	1,315	1,384	1,428	1,513	1,484
	Low	1,260	1,261	1,323	1,339	1,293	1,195	1,054	1,191	1,151	1,116	1,157	1,285	1,278	1,387	1,401
Trading Volume (in Thousands of Shares)		101,564	100,408	84,304	69,931	82,698	141,141	205,257	125,451	117,359	106,622	99,709	144,864	103,021	100,812	89,357

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

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Sumitomo Corporation Annual Report 2015

Sumitomo Corporation

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