Sumitomo Metal Industries, Ltd. Financial Results for the First Quarter of FY 2009 (ending March 31, 2010)

The following information was originally prepared and published by the Company in Japanese as it contains timely disclosure materials to be submitted to the Tokyo Stock Exchange. This English summary translation is being provided for your convenience only. To the extent there is any discrepancy between this English translation and the original Japanese version, please refer to the Japanese version.

The following financial information was prepared in accordance with generally accepted accounting principles in Japan.

Company name : Sumitomo Metal Industries, Ltd.

Listed on : Tokyo, Osaka, Nagoya, Sapporo and Fukuoka Stock Exchange

Code number : 5405

URL : http://www.sumitomometals.co.jp/

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(Figures less than a million yen are truncated.)

1. Highlights of Consolidated Financial Results for the First Quarter of FY 2009 (April 1, 2009 - June 30, 2009)

(1) Consolidated Statements of Income

(%: change from the previous year)

	Net sales	Operating income	Ordinary income	Net income for the quarter	
	Million yen %	Million yen %	Million yen %	Million yen %	
First Quarter of FY 2009	290,451 (35.8)	(34,539) -	(41,653)	(32,359) -	
First Quarter of FY 2008	452,240 -	62,117 -	74,465 -	43,493 -	

	Net income for the quarter per share	Net income for the quarter per share after dilution
	Yen	Yen
First Quarter of FY 2009	(6.98)	-
First Quarter of FY 2008	9.38	-

(2)Consolidated Balance Sheets

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
First Quarter of FY 2009	2,444,257	891,245	34.5	182.11
FY 2008	2,452,535	904,371	35.0	184.92

(Note) Shareholders' Equity: First quarter of FY 2009 - 844,242 Million yen First quarter of FY 2008 - 857,697 Million yen

2. Dividends

	Dividends per share								
(Record Date)	End of First Quarter	End of Second Quarter	End of Third Quarter	Year-end	Total				
	Yen	Yen	Yen	Yen	Yen				
FY 2008	-	5.00	-	5.00	10.00				
FY 2009	-								
FY 2009(Target)		2.50	-	2.50	5.00				

(Note) Changes in dividends target for FY 2009 during the first quarter under review: None The dividends target for FY 2009 is no less than 2.50 yen at year-end, and no less than 5.00 yen for yearly total.

3. Forecast for Consolidated Financial Results for FY 2009 (April 1, 2009 - March 31, 2010)
(%: change from previous year)

	1				1	(, 0	change no	1	
	Net sal	es	Operati: income	_	Ordinary in	come	Net inco	me	Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
1 st Half ending Sept. 30, 2009	590,000	(39.9)	(40,000)	-	(70,000)	-	(60,000)	-	(12.94)
Yearly total	1,340,000	(27.3)	0	-	(40,000)	-	(45,000)	-	(9.71)

(Note) Changes in forecast for consolidated financial results for FY 2009 during the first quarter under review. Yes

- 4. Others
- (1) Changes in material subsidiaries during the current period (Changes in specific subsidiaries affecting the scope of consolidation): None
- (2) Adoption of accounting method which is simplified or is peculiar to quarterly consolidated financial statements.: Yes
- (3) Changes in the principle/procedure of accounting method and presentation, etc. related to the preparation of consolidated financial statements for the quarter (Items to be noted as changes related to the matter which is material to be a basis of preparing consolidated financial statements for the quarter)
 - (i) Changes due to the revision of accounting standards, etc.: Yes
- (ii) Changes other than (i): None
- (4) Number of issued shares (common stock)
- (a) Number of shares of common stock issued and outstanding (including treasury shares)

Last day of First Quarter, FY 2009: 4,805,974,238 shares Last day of FY 2008: 4,805,974,238 shares

(b) Number of treasury shares

Last day of First Quarter, FY 2009: 169,959,422 shares Last day of FY 2008: 167,882,514 shares

(c) The average number of shares of common stock issued and outstanding during the period First quarter of FY 2009: 4,636,722,109 shares
First quarter of FY 2008: 4,638,807,175 shares

The forecasts or targets included in this document reflect the company's current beliefs and are based upon information currently available to it. Forward-looking statements appear in a number of places in this document and include statements regarding our current intent, belief, targets, forecasts or expectations or the current intent, belief, targets, forecasts or expectations of our management. In many, but not all cases, we used words such as "aim," "anticipate," "believe," "estimate," "expect," "hope," "intend," "may," "plan," "predict," "probability," "risk," "should," "will," and similar expressions, as they relate to us or our management, to identify forward-looking statements. Forward-looking statements are not guarantees of future performance. These statements reflect our current views with respect to future events and are subject to risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize or should underlying assumptions prove incorrect, actual results may vary materially from those which are anticipated, aimed at, believed, estimated, expected, intended or planned. We identify in our yuka shoken hokokusho and financial summaries, including "1. Qualitative Information on Consolidated Business Result" on page 4 and 5 of this document, important factors that could cause these differences. Sumitomo Metal Industries, Ltd. is under no obligation, and disclaims any obligation, to update its forward-looking statements whether as a result of new information, future events or otherwise, or to advise of any changes in the assumptions and factors on which they are based.

< Qualitative Information and Financial Statements etc.>

1. Qualitative Information on Consolidated Business Results

(Overall review)

During the first quarter of the consolidated fiscal year under review, the difficult economic conditions from the fourth quarter of the preceding consolidated fiscal year (ending March 31, 2009) continued, and demand for steel was generally at a low level.

In response to the sudden decline in demand for steel from the fourth quarter of the previous consolidated fiscal year, the SMI Group (Sumitomo Metal Industries, Ltd and its consolidated subsidiaries) reduced production levels and made great efforts to reduce costs and expenses.

Nevertheless, in the first quarter of the consolidated fiscal year under review, the SMI Group experienced a year-on-year decline in profit due to declines in sales volumes on account of the worsening economic conditions, temporary factors such as carry-over costs associated with the use of raw materials purchased based on prices contracted in the preceding consolidated fiscal year and losses sustained from the revaluation of inventories accompanying the decline in raw material prices.

The SMI Group's business performance on a consolidated basis in the first quarter (April 1, 2009 to June 30, 2009) was as follows: net sales of 290.4 billion yen (a 161.7 billion yen year-on-year decline), operating losses of 34.5 billion yen (a 96.6 billion yen year-on-year decline), ordinary losses of 41.6 billion yen (a 116.1 billion yen year-on-year decline), resulting in a 1st-quarter net losses of 32.3 billion yen (a 75.8 billion yen year-on-year decline).

(Performance by segment)

The following table shows the consolidated sales, consolidated operating income (loss) in each business segment in the first quarter of the consolidated fiscal year under review.

(Billion yen)

				(Billion Jon)
	Net sales	Increase /	Consolidated	Increase /
		(Decrease)*1	operating	(Decrease)*1
		(%)	income (losses)	(%)
Steel segment *2	273.3	(35.6)	(34.4)	-
Pipe & Tube	122.8	(28.0)		
Steel Sheet & Plate	98.9	(40.6)		
Railway & Automotive	19.8	(22.6)		
Kokura	20.7	(50.5)		
Naoetsu	5.2	(54.6)		
Other Steel	5.7	(31.1)		
Others *3	17.1	(37.8)	(0.5)	•
Corporate or eliminations	-	-	0.4	-
Total	290.4	(35.8)	(34.5)	-

^{*1} Percentage compared with the same quarter in the previous period.

Steel Sheet & Plate: Steel Sheet, Plate & Structural Steel Company

Railway & Automotive: Railway, Automotive & Machinery Parts Company

Kokura: Sumitomo Metals (Kokura), Ltd.

Naoetsu: Sumitomo Metals (Naoetsu), Ltd.

^{*2} Pipe & Tube: Pipe & Tube Company

^{*3} From the first quarter of the consolidated fiscal year under review, Engineering and Electronics are included in "Others."

(Performance review of the first quarter of the consolidated fiscal year under review, by segment)

(1) Steel segment

We have remained committed to our medium to long-term strategy to "accelerate distinctiveness" and "add strength to strong areas" in our steel business, and have carried out projects to enhance corporate value.

In the first quarter of the consolidated fiscal year under review, we received permission from the Vietnamese government to establish a local joint venture in partnership with China Steel Corporation of Taiwan and others to produce and sell cold-rolled steel sheet, hot-dipped galvanized steel sheet, electromagnetic steel sheet and others. The joint venture is expected to commence operations in 2012 and will support the production and sale of these products in the emerging ASEAN markets that are projected to grow in the medium and long term. We reached agreement with Amtek Auto Limited of India, a local manufacturer and marketer of automotive parts, to set up a local joint venture that will produce and sell forged crankshafts in the Indian market, where automobile demand is expected to expand.

(2) Others

Our other businesses are reorganizing their operations in line with the SMI Group's intention to focus its resources on its core competencies.

Following a development of reorganization of our Engineering and Electronics businesses, such as a decision of splitting our bridge section by forming a joint venture with bridge builder Yokogawa Bridge Holdings Corporation, those two business segments will be reported in the "Others" section from the first quarter of the consolidated fiscal year under review onwards.

2. Qualitative Information on Financial Situation

Total assets, as of the end of the first quarter of the consolidated fiscal year under review, totaled 2,444.2 billion yen, a decline of 8.2 billion yen compared with the figure at the end of the previous consolidated reporting period (FY2008 ended March 31, 2009). Net assets totaled 891.2 billion yen (a decline of 13.1 billion yen), giving an equity ratio of 34.5%. Consolidated debt increased by 137.8 billion compared with the end of the previous consolidated reporting period, to be 1,127.8 billion yen, as a result of payments of corporate tax and dividends, as well as other factors such as capital investments needed to "accelerate distinctiveness" and a decline in the business performance in the first quarter of the consolidated fiscal year under review.

3. Qualitative Information on Targets of Consolidated Financial Results

Due to delays in the recovery of the economic environment surrounding the pipe and tube business, we have revised our forecast of the first half of the fiscal year ending March 31, 2010 announced on April 28, 2009, and in accordance with this revision, we have revised our forecasts for the full year. Our revised full-year figures are as follows: net sales of 1,340.0 billion yen, operating income of zero, ordinary losses of 40.0 billion yen, and net losses of 45.0 billion yen. We have disclosed this revision in the "Notice Regarding Revised Forecasts" announced today.

Although there are some signs of the "green shoots" of economic recovery, the overall picture remains unclear. Nevertheless, we believe that global steel demand will steadily expand in the medium and long term. We remain committed to our medium- to long-term strategy and will continue our projects to enhance corporate value.

In response to the harsh economic environment, we endeavour to improve our financial condition through further cost reduction and control of cash outflow, including a review of capital expenditure. At the same time, we will emphasize the maintenance of equipment, trials for development using working equipment and education of employees that is difficult to conduct during busy times — in other words "tune our machinery and sharpen our skills."

4. Consolidated financial statements

(1) Consolidated Balance Sheets

	,	(Million yen)
Items	At the end of First Quarter Under Review (As of June 30, 2009)	Summarized Balance Sheet at the end of Previous FY (As of March 31, 2009)
(Assets)		
Current assets: Cash and deposits Notes and accounts receivable trade	38,244 113,515	41,056 135,804
Merchandise and finished goods	203,724	208,713
Work in process	43,105	37,278
Raw materials and supplies	236,447	264,257
Other	57,226	51,339
Allowance for doubtful accounts	(109)	(1,087)
Total current assets	692,153	737,362
Noncurrent assets:		
Property, plant and equipment:		
Buildings, net	259,146	247,065
Machinery, equipment and vehicles, net	398,600	379,805
Land	341,283	341,477
Other, net	134,620	164,858
Total property, plant and equipment	1,133,650	1,133,207
Intangible assets Investment and other assets:	5,384	5,226
Investment securities	530,945	483,001
Other	83,410	93,995
Allowance for doubtful accounts	(1,286)	(258)
Total investments and other assets	613,068	576,738
Total noncurrent assets	1,752,103	1,715,172
Total assets	2,444,257	2,452,535

(1) Consolidated Balance Sheets (Continured)

Short-term loans payable 286,315 237,32 Other 186,120 192,93 Total current liabilities 694,545 743,96 Noncurrent liabilities: 8 Bonds payable 185,653 160,65 Long-term loans payable 597,867 568,03 Provision for retirement benefits 21,706 22,51 Provision for special repairs 230 22 Other 53,008 52,77 Total noncurrent liabilities 858,465 804,19 Total liabilities 1,553,011 1,548,16 (Net Assets) (Net Assets) 262,072 262,072 Capital stock 262,072 262,072 262,072 Capital surplus 61,829 61,829 61,829 Retained earnings 625,257 680,80 Treasury stock (91,059) (90,528 Total shareholders' equity 858,099 914,18 Valuation and translation adjustments: (4,945) (41,542 Valuation difference on available-for sale securities <td< th=""><th></th><th> </th><th>(Million yen)</th></td<>		 	(Million yen)
Current liabilities: Notes and accounts payable trade 222,109 313,70		At the end of	Summarized Balance
Current liabilities: Notes and accounts payable trade 222,109 313,700 Short-term loans payable 286,315 237,332 Other 186,120 192,93 Total current liabilities: 694,545 743,96 Noncurrent liabilities: 8694,545 743,96 Noncurrent liabilities: 859,867 568,03 Provision for retirement benefits 21,706 22,51 Provision for special repairs 230 22 Other 53,008 52,77 Total noncurrent liabilities 858,465 804,19 Total liabilities 1,553,011 1,548,16 (Net Assets) Shareholders' equity: 262,072 262,07 Capital stock 262,072 262,07 Capital surplus 61,829 61,82 Retained earnings 625,257 680,80 Treasury stock 91,059 90,528 Total shareholders' equity 858,099 914,18 Valuation and translation adjustments: Valuation difference on available-for sale securities (4,945) (41,542 Securities (4,945) (41,542	Itoma		Sheet at the end of
Current liabilities Current liabilities Notes and accounts payable-trade 222,109 313,700 Short-term loans payable 286,315 237,320 Other	Items	Under Review	
Current liabilities: Notes and accounts payable-trade 222,109 313,705 Short-term loans payable 286,315 237,325 Other 186,120 192,935 Total current liabilities 694,545 743,965 Noncurrent liabilities: 886,653 160,655 Long-term loans payable 185,653 160,655 Long-term loans payable 597,867 568,035 Provision for retirement benefits 21,706 22,515 Provision for special repairs 230 22 Other 53,008 52,777 Total noncurrent liabilities 858,465 804,195 Total liabilities 1,553,011 1,548,165 (Net Assets) Shareholders' equity: 262,072 262,077 Capital stock 262,072 262,077 Capital surplus 61,829 61,829 Retained earnings 625,257 680,805 Treasury stock (91,059) (90,528 Total shareholders' equity 858,099 914,185 Valuation and translation adjustments: Valuation difference on available-for sale securities (4,945) (41,542 Securities (4,945) (41,542 Deferred gains or losses on hedges (895) (690 Revaluation reserve for land 11,833 11,83 Foreign currency translation adjustment (19,849) (26,083 Minority interests 47,003 46,676		(As of June 30, 2009)	(As of March 31, 2009)
Notes and accounts payable trade 222,109 313,70	(Liabilities)		
Short-term loans payable 286,315 237,32 Other 186,120 192,93 Total current liabilities 694,545 743,96 Noncurrent liabilities: 8 Bonds payable 185,653 160,65 Long-term loans payable 597,867 568,03 Provision for retirement benefits 21,706 22,51 Provision for special repairs 230 22 Other 53,008 52,77 Total noncurrent liabilities 858,465 804,19 Total liabilities 1,553,011 1,548,16 (Net Assets) (Net Assets) 262,072 262,072 Capital stock 262,072 262,072 262,072 Capital surplus 61,829 61,829 61,829 Treasury stock (91,059) (90,528 Total shareholders' equity 858,099 914,18 Valuation and translation adjustments: (4,945) (41,542 Valuation difference on available-for sale securities (49,945) (41,542 Deferred gains or losses on hedg	Current liabilities:		
Short-term loans payable 286,315 237,32 Other 186,120 192,93 Total current liabilities 694,545 743,96 Noncurrent liabilities: 8 185,653 160,65 Bonds payable 185,653 160,65 568,03 Provision for retirement benefits 21,706 22,51 Provision for special repairs 230 22 Other 53,008 52,77 Total noncurrent liabilities 858,465 804,19 Total liabilities 1,553,011 1,548,16 (Net Assets) (Net Assets) 262,072 262,072 Capital stock 262,072 262,072 262,072 Capital surplus 61,829 61,829 61,829 Retained earnings 625,257 680,80 Treasury stock (91,059) (90,528 Total shareholders' equity 858,099 914,18 Valuation and translation adjustments: Valuation difference on available-for sale securities (4,945) (4,945) (4,945) (4,945) (4,9	Notes and accounts payable-trade	222,109	313,706
Other 186,120 192,93 Total current liabilities 694,545 743,96 Noncurrent liabilities: 185,653 160,655 Bonds payable 597,867 568,03 Provision for retirement benefits 21,706 22,51 Provision for special repairs 230 22 Other 53,008 52,77 Total noncurrent liabilities 858,465 804,19 Total liabilities 1,553,011 1,548,16 (Net Assets) (Net Assets) 262,072 262,072 Capital stock 262,072 262,072 262,072 Capital surplus 61,829 61,829 61,829 Retained earnings 625,257 680,80 61,829 61,829 61,829 Total shareholders' equity 858,099 914,18 91,059 (90,528 Total shareholders' equity 858,099 914,18 41,542 Valuation difference on available-for sale securities (4,945) (41,542 Deferred gains or losses on hedges (895) (690	Short-term loans payable	· ·	237,323
Total current liabilities		1	192,939
Noncurrent liabilities: Bonds payable			743,969
Long-term loans payable 597,867 568,03 Provision for retirement benefits 21,706 22,51 Provision for special repairs 230 22 Other 53,008 52,77 Total noncurrent liabilities 858,465 804,19 Total liabilities 1,553,011 1,548,16 (Net Assets) (Net Assets) 262,072 262,072 Capital stock 262,072 262,072 262,072 Capital surplus 61,829 61,829 61,829 Retained earnings 625,257 680,80 690,528 Total shareholders' equity 858,099 914,18 Valuation and translation adjustments: Valuation and translation adjustments: (4,945) (41,542) Valuation reserve for land 11,833 11,833 11,833 Foreign currency translation adjustment (19,849) (26,083) Total valuation and translation adjustment (13,856) (56,483) Minority interests 47,003 46,670			
Long-term loans payable 597,867 568,03 Provision for retirement benefits 21,706 22,51 Provision for special repairs 230 22 Other 53,008 52,77 Total noncurrent liabilities 858,465 804,19 Total liabilities 1,553,011 1,548,16 (Net Assets) (Net Assets) 262,072 262,072 Capital stock 262,072 262,072 262,072 Capital surplus 61,829 61,829 61,829 Retained earnings 625,257 680,80 690,528 Total shareholders' equity 858,099 914,18 Valuation and translation adjustments: Valuation difference on available for sale securities (4,945) (41,542) Deferred gains or losses on hedges (895) (690 Revaluation reserve for land 11,833 11,833 11,833 Foreign currency translation adjustment (19,849) (26,083 Total valuation and translation adjustment (13,856) (56,483 Minority interests 47,003	Bonds payable	185,653	160,652
Provision for special repairs 230 22 Other 53,008 52,77 Total noncurrent liabilities 858,465 804,19 Total liabilities 1,553,011 1,548,16 (Net Assets) (Net Assets) 262,072 262,072 Capital stock 262,072 262,072 262,072 Capital surplus 61,829 61,829 61,829 Retained earnings 625,257 680,80 690,528 Total shareholders' equity 858,099 914,18 Valuation and translation adjustments: Valuation difference on available-for sale securities (4,945) (41,542 Securities (895) (690 (690 (690 Revaluation reserve for land 11,833 11,83 11,83 Foreign currency translation adjustment (19,849) (26,083 Total valuation and translation adjustment (13,856) (56,483 Minority interests 47,003 46,670	= -	-	568,035
Other 53,008 52,77 Total noncurrent liabilities 858,465 804,19 Total liabilities 1,553,011 1,548,16 (Net Assets) Shareholders' equity: Capital stock 262,072 262,07 Capital surplus 61,829 61,829 Retained earnings 625,257 680,80 Treasury stock (91,059) (90,528 Total shareholders' equity 858,099 914,18 Valuation and translation adjustments: (4,945) (41,542 Valuation difference on available for sale securities (895) (690 Deferred gains or losses on hedges (895) (690 Revaluation reserve for land 11,833 11,83 Foreign currency translation adjustment (19,849) (26,083 Total valuation and translation adjustment (13,856) (56,483 Minority interests 47,003 46,67	Provision for retirement benefits	21,706	22,510
Total noncurrent liabilities 858,465 804,19 Total liabilities 1,553,011 1,548,16 (Net Assets) Shareholders' equity: Capital stock 262,072 262,07 Capital surplus 61,829 61,82 Retained earnings 625,257 680,80 Treasury stock (91,059) (90,528 Total shareholders' equity 858,099 914,18 Valuation and translation adjustments: (4,945) (41,542 Valuation difference on available-for sale securities (895) (690 Deferred gains or losses on hedges (895) (690 Revaluation reserve for land 11,833 11,83 Foreign currency translation adjustment (19,849) (26,083 Total valuation and translation adjustment (13,856) (56,483 Minority interests 47,003 46,67	Provision for special repairs	230	225
Total liabilities 1,553,011 1,548,16 (Net Assets) (Net Assets) 1,553,011 1,548,16 Shareholders' equity: 262,072	Other	53,008	52,770
(Net Assets) Shareholders' equity: 262,072 262,072 262,072 262,072 262,072 262,072 262,072 262,072 61,829 61,829 61,829 61,829 625,257 680,80 625,257 680,80 (91,059) (90,528 (91,059) (90,528 90,528 914,18 (91,059) 914,18 914,18 914,18 914,18 914,18 914,18 914,18 914,18 914,18 914,542 914,182 914,542 914,542 914,542 914,542 914,542 914,542 914,542 914,542 914,542 914,542 914,542 914,542 914,542 9	Total noncurrent liabilities	858,465	804,194
Shareholders' equity: 262,072 262,072 Capital stock 61,829 61,829 Retained earnings 625,257 680,80 Treasury stock (91,059) (90,528 Total shareholders' equity 858,099 914,18 Valuation and translation adjustments: Valuation difference on available for sale securities (4,945) (41,542) Deferred gains or losses on hedges (895) (690) Revaluation reserve for land 11,833 11,83 Foreign currency translation adjustment (19,849) (26,083) Total valuation and translation adjustment (13,856) (56,483) Minority interests 47,003 46,67	Total liabilities	1,553,011	1,548,163
Capital stock 262,072 262,072 Capital surplus 61,829 61,829 Retained earnings 625,257 680,80 Treasury stock (91,059) (90,528 Total shareholders' equity 858,099 914,18 Valuation and translation adjustments: (4,945) (41,542) Valuation difference on available for sale securities (895) (690) Revaluation reserve for land 11,833 11,83 Foreign currency translation adjustment (19,849) (26,083) Total valuation and translation adjustment (13,856) (56,483) Minority interests 47,003 46,67	(Net Assets)		
Capital stock 262,072 262,072 Capital surplus 61,829 61,829 Retained earnings 625,257 680,80 Treasury stock (91,059) (90,528 Total shareholders' equity 858,099 914,18 Valuation and translation adjustments: (4,945) (41,542) Valuation difference on available for sale securities (895) (690) Revaluation reserve for land 11,833 11,83 Foreign currency translation adjustment (19,849) (26,083) Total valuation and translation adjustment (13,856) (56,483) Minority interests 47,003 46,67	Shareholders' equity:		
Capital surplus 61,829 61,829 Retained earnings 625,257 680,80 Treasury stock (91,059) (90,528 Total shareholders' equity 858,099 914,180 Valuation and translation adjustments: (4,945) (41,542) Valuation difference on available-for sale securities (895) (690) Deferred gains or losses on hedges (895) (690) Revaluation reserve for land 11,833 11,83 Foreign currency translation adjustment (19,849) (26,083) Total valuation and translation adjustment (13,856) (56,483) Minority interests 47,003 46,67	2 0	262,072	262,072
Retained earnings 625,257 680,80 Treasury stock (91,059) (90,528 Total shareholders' equity 858,099 914,18 Valuation and translation adjustments: (4,945) (41,542) Valuation difference on available-for sale securities (895) (690) Deferred gains or losses on hedges (895) (690) Revaluation reserve for land 11,833 11,833 Foreign currency translation adjustment (19,849) (26,083) Total valuation and translation adjustment (13,856) (56,483) Minority interests 47,003 46,674	-	•	61,829
Total shareholders' equity Valuation and translation adjustments: Valuation difference on available-for sale securities Deferred gains or losses on hedges Revaluation reserve for land Foreign currency translation adjustment Total valuation and translation adjustment Minority interests 858,099 914,180 (41,542) (41,542) (4945) (690) (690) (19,849) (19,849) (26,083) (56,483)		625,257	680,807
Valuation and translation adjustments:(4,945)(41,542)Valuation difference on available-for sale securities(895)(690)Deferred gains or losses on hedges(895)(690)Revaluation reserve for land11,83311,833Foreign currency translation adjustment(19,849)(26,083)Total valuation and translation adjustment(13,856)(56,483)Minority interests47,00346,670	Treasury stock	(91,059)	(90,528)
Valuation difference on available-for sale securities(4,945)(41,542)Deferred gains or losses on hedges(895)(690)Revaluation reserve for land11,83311,833Foreign currency translation adjustment(19,849)(26,083)Total valuation and translation adjustment(13,856)(56,483)Minority interests47,00346,674	Total shareholders' equity	858,099	914,180
securities (4,945) (41,542) Deferred gains or losses on hedges (895) (690) Revaluation reserve for land 11,833 11,833 Foreign currency translation adjustment (19,849) (26,083) Total valuation and translation adjustment (13,856) (56,483) Minority interests 47,003 46,674			
Revaluation reserve for land11,83311,833Foreign currency translation adjustment(19,849)(26,083)Total valuation and translation adjustment(13,856)(56,483)Minority interests47,00346,674		(4,945)	(41,542)
Revaluation reserve for land11,83311,833Foreign currency translation adjustment(19,849)(26,083)Total valuation and translation adjustment(13,856)(56,483)Minority interests47,00346,674	Deferred gains or losses on hedges	(895)	(690)
Total valuation and translation adjustment (13,856) (56,483 Minority interests 47,003 46,674		11,833	11,833
Minority interests 47,003 46,67	Foreign currency translation adjustment	(19,849)	(26,083)
·	Total valuation and translation adjustment	(13,856)	(56,483)
Total net assets 891,245 904,37	· ·		46,674
	Total net assets	891,245	904,371
Total liabilities and net assets 2,444,257 2,452,53	Total liabilities and net assets	2.444.257	2,452,535

(2) Consolidated Statements of Income

ı l	(Willion yen)			
	First Quarter of the	First Quarter		
Items	Previous FY	Under Review		
1001118	(April 1, 2008 -	(April 1, 2009 -		
	June 30, 2008)	June 30, 2009)		
Net Sales	452,240	290,451		
Cost of sales	356,029	294,786		
Gross profit (losses)	96,210	(4,335)		
Selling, general and administrative expenses:				
Shipment expenses	10,195	6,715		
Employees' salaries and allowances	10,407	10,096		
Other	13,490	13,393		
Total selling, general and administrative expenses	34,093	30,204		
Operating income (losses)	62,117	(34,539)		
Non-operating income:				
Dividends income	-	1,488		
Equity in earnings of affiliates	10,132	-		
Other	10,907	5,532		
Total non-operating income	21,040	7,020		
Non-operating expenses:				
Interest expenses	3,846	3,863		
Equity in losses of affiliates	-	5,469		
Other	4,844	4,801		
Total non-operating expenses	8,691	14,134		
Ordinary income (losses)	74,465	(41,653)		
Income (losses) before income taxes and	74 465	(41,653)		
minority interests	74,465			
Income taxes-current	22,647	584		
Income taxes-deferred	7,008	(9,491)		
Total income taxes	29,655	(8,907)		
Minority interests in income (losses)	1,316	(386)		
Net income (losses)	43,493	(32,359)		

(3) Consolidated Statement of Cash Flows

	First Quarter of the Previous FY	First Quarter Under Review
	(April 1, 2008 -	(April 1, 2009 -
	June 30, 2008)	June 30, 2009)
Operating activities:	9 une 90, 2000)	ounc 50, 2005)
Income (losses) before income taxes and		
minority interests	74,465	(41,653)
Depreciation and amortization	26,373	26,057
Equity in (earnings) losses of affiliates	(10,132)	5,469
Decrease (increase) in notes and accounts	(0.040)	00.070
receivable-trade	(8,343)	23,070
Decrease (increase) in inventories	(41,372)	28,278
Increase (decrease) in notes and accounts	56,592	(92,001)
payable-trade	50,552	·
Other	(15,676)	(4,562)
Subtotal	81,906	(55,340)
Income taxes paid	(52,700)	(34,943)
Net cash provided by (used in) operating activities	29,205	(90,284)
Investment activities:		
Purchase of property, plant and equipment and	(39,618)	(35,484)
intangible assets	ŕ	(00, 101)
Other	3,118	550
Net cash provided by (used in) investment activities	(36,499)	(34,934)
Financing activities:		
Net increase (decrease) in short-term loans payable	22,417	46,602
Increase (decrease) in commercial papers	(18,000)	38,000
Proceeds from long-term loans payable	35,800	44,750
Repayments of long-term loans payable	(19,638)	(13,405)
Proceeds from issuance of bonds	39,988	25,000
Redemption of bonds	(20,000)	(22.101)
Cash dividends paid	(23,195)	(23,191)
Other Net cash provided by (used in) financing activities	(4,829) 12,541	1,825
	12,041	119,580
Effect of exchange rate change on cash and cash equivalents	174	826
Net increase (decrease) in cash and cash equivalents	5,421	(4,812)
Cash and cash equivalents at beginning of period	16,669	42,979
Increase (decreae) in cash and cash equivalents		12,010
resulting from merger of subsidiaries	7	-
Cash and cash equivalents at end of period	22,098	38,167

(4) Notes on going concern assumption: Not applicable.

(5) Segement Information

(a) Segment information by business sector

First Quarter of Previous FY (April 1, 2008 - June 30, 2008)

(Million yen)

•							
	Steel	Engineering	Electronics	Other	Total	Eliminations or corporate	Consolidated
Sales to customers	424,747	2,159	15,948	9,384	452,240	-	452,240
Intersegment sales	200	16	-	4,641	4,858	(4,858)	-
Total sales	424,948	2,176	15,948	14,026	457,098	(4,858)	452,240
Operating income (losses)	63,828	(160)	103	(1,628)	62,142	(25)	62,117

First Quarter under Review (April 1, 2009 - June 30, 2009)

(Million yen)

	Steel	Other	Total	Eliminations or corporate	Consolidated
Sales to customers	273,349	17,101	290,451	-	290,451
Intersegment sales	0	4,301	4,301	(4,301)	-
Total sales	273,350	21,402	294,752	(4,301)	290,451
Operating income (losses)	(34,439)	(543)	(34,982)	442	(34,539)

(Remarks)

(i) Major products for respective segments

Segment		Major Products etc.
Steel	Steel sheets and plates	Steel plates for structural uses, steel plates for low-temperature service, steel plates for line pipe, high-tensile-strength steel plates
		and sheets, hot strip, cold strip, electromagnetic steel sheets, hot-dip galvanized steel sheets, electrolytic galvanized steel sheets, pre-painted steel sheets, pre-coated steel sheets, stainless steel precision rolled strips, pure nickel sheet etc.
	Construction materials	H-shapes, fixed outer dimension H-shapes, lightweight welded beams, sheet piles, steel pipe piles, etc.
	Steel tubes and pipes	Seamless steel tubes and pipes, electric resistance welded tubes and pipes, large-diameter arc-welded pipes, hot ERW, specially shaped tubes, various coated tubes and pipes, stainless steel tubes and pipes, etc.
	Steel bars and wire rods	Mechanical structural quality wire rods, cold heading quality wire rods, spring quality bar, machining steel, bearing steel, stainless bar and wire rods, etc.
	Railway, automotive, and machinery parts	Wheels, axles, bogie trucks, gear units for electric cars, Couplers, etc.
	Steel castings and forgings	Die forged crankshafts, materials for mold, aluminum wheels, flange for transmission tower, crane wheels, rolls, etc.
	Semi-finished iron products	Steel billets and slabs, pig iron for steel making, etc.
	Others	Titanium products, steel making technology, electric power, land and sea transport of steel materials, maintenance of machinery and facilities, pipelines, energy plant, lime stones, etc.
Other	Electronic modules, Le	ease and sale of real estate, etc.

(b) Segment information by location

First Quarter of Previous FY (April 1, 2008 - June 30, 2008)

The segment information by location is not stated as sales revenue of domestic entities accounted for more than 90% of our total sales revenue.

First Quarter under Review (April 1, 2009 - June 30, 2009)

The segment information by location is not stated as sales revenue of domestic entities accounted for more than 90% of our total sales revenue.

(c) Overseas sales

First Quarter of Previous FY (April 1, 2008 - June 30, 2008)

	Asia	Other	Total
1 Overseas Sales (Million yen)	141,282	41,827	183,110
2 Consolidated Sales (Million yen)			452,240
3 Percentages of Overseas Sales in Consolidated Sales (%)	31.2	9.3	40.5

First Quarter under Review (April 1, 2009 - June 30, 2009)

	Asia	Other	Total
1 Overseas Sales (Million yen)	84,898	41,709	126,607
2 Consolidated Sales (Million yen)			290,451
3 Percentages of Overseas Sales in Consolidated Sales (%)	29.2	14.4	43.6

(Note) Method of classifying countries or areas, and major countries or areas classified to each region.

1. Method for classifying countries or areas:

Countries or areas are classified based on geographical proximity.

2. Major countries or areas classified to each region:

Asia----China, South Korea, Southeast Asia, the Middle and Near East etc.

(6) Notes on any significant change in shareholders' equity: Not applicable.

5. Other Information

1.Crude steel production (including Sumitomo Metals (Kokura), Ltd., Sumitomo Metals (Naoetsu), Ltd. and Sumikin Iron & Steel Corporation))

Million tons

						-	
	1 st quarter	$2^{ m nd}$ quarter	$1^{ m st}$ half	$3^{ m rd}$ quarter	$4^{ m th}$ quarter	2 nd half	Total
FY2007	3.21	3.40	6.61	3.52	3.49	7.01	13.62
FY2008	3.50	3.54	7.04	3.36	2.48	5.84	12.87
FY2009	0.00	2.76	5.04				
(Forecast)	2.28	(approx.)	(approx.)				

2.Export ratio (including Sumitomo Metals (Kokura), Ltd., Sumitomo Metals (Naoetsu), Ltd. and Sumikin Iron & Steel Corporation)

Value basis %

			•				
	$1^{ m st}$ quarter	$2^{ m nd}$ quarter	$1^{ m st}$ half	3 rd quarter	4 th quarter	$2^{\rm nd}$ half	Total
FY2007	46	46	46	44	44	44	45
FY2008	44	44	44	46	48	47	45
FY2009	10	19(anner)	45(annex)				
(Forecast)	48	42(approx.)	45(approx.)				

3.Foreign exchange rate

Yen/US\$

	1st quarter	2 nd quarter	$1^{ m st}$ half	3 rd quarter	4 th quarter	2 nd half	Total
FY2007	121	118	119	114	105	109	114
FY2008	105	108	106	96	94	95	101
FY2009 (Forecast)	97	95(approx.)	96(approx.)				

4.Consolidated exposure to foreign exchange fluctuations

FY2008	Forecast for 1st half of FY2009				
Excess payment of approximately	Excess receipt of approximately				
0.2 billion US\$ per year	0.2 billion US\$ per half year				

5. Average price of steel products (including Sumitomo Metals (Kokura), Ltd., Sumitomo Metals (Naoetsu), Ltd. and Sumikin Iron & Steel Corporation)

Thousand yen/ton

			•				Total
	1st quarter	2 nd quarter	1st half	3 rd quarter	4 th quarter	2^{nd} half	Iotai
FY2007	102.3	108.8	105.6	107.3	104.3	105.8	105.7
FY2008	110.1	126.9	118.6	130.3	132.7	131.3	124.3
FY2009	100.4	00(00(_
(Forecast)	109.4	88(approx.)	98(approx.)				

6.Forecast for non-consolidated figures

Billion yen

	FY 2	2009
	Result for	Forecast for
	$1^{ m st}$ quarter	$1^{ m st}$ half
Sales	196.7	390.0(approx.)
Operating profit (losses)	(20.8)	(10.0)(approx.)
Ordinary income (losses)	(17.3)	(10.0)(approx.)
Net income (losses)	(8.0)	(5.0)(approx.)

7. Forecast for sales and operating income(losses) (Consolidated basis)

Billion yen

	Result for 1st qu	arter of FY2009	Forecast for 1st half of FY2009		
	Sales	Operating income (losses)	Sales	Operating income (losses)	
Steel	273.3	(34.4)	550.0(approx.)	(40.0)(approx.)	
Others	17.1	(0.5)	40.0(approx.)	(0)(approx.)	

<Sales by internal companies>

Billion yen

	FY	2009
	Result for 1st quarter	Forecast for 1 st half
Steel sheet, plate & structural steel company (consolidated)	98.9	220.0(approx.)
Pipe and tube company (consolidated)	122.8	225.0(approx.)
Railway, automotive & Machinery parts company (consolidated)	19.8	42.0(approx.)
Sumitomo Metals(Kokura) (consolidated)	20.7	43.0(approx.)

8.Debt (as of the end of the month)

Billion yen

	March 2009	June 2009	(Forecast) September 2009	(Forecast) March 2010
Consolidated	990.0	1,127.8	1,150.0(approx.)	1,140.0(approx.)
Non consolidated	920.2	1,030.8	1,070.0(approx.)	1,060.0(approx.)

9. Analysis of consolidated ordinary income (losses)

-Foreign exchange (TTM) assumption:

97 Yen/US\$ (1st quarter of FY 2009) \leftarrow 105 Yen/US\$ (1st quarter of FY 2008)

Billion yen

			Billion Jon
	1st quarter of FY2009	1st quarter of FY 2008	Increase/(Decrease)
Consolidated recurring profit	(41.6)	74.4	(116.1)

Billion yen

Positive impact		Negative impact			
Raw materials price decrease *1	24.0	Negative impact of production cut	(45.0)		
Cost improvement	6.0	Losses from valuation	(30.0)		
		Inventory devaluation	(23.0)		
		Decrease of equity in earnings of unconsolidated subsidiaries	(15.6)		
		Sales mix and others	(32.5)		
Total	30.0	Total	(146.1)		
Difference: (116.1)					

^{*1} Positive impact of "Raw materials price decrease" includes negative impact of 73.0 billion yen due to carry over of raw materials costs.

(Conclude)