# Sumitomo Metal Industries, Ltd. Consolidated Financial Situation and Business Results for the Second Quarter of FY 2009 (ending March 31, 2010)

The following information was originally prepared and published by the Company in Japanese. 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.

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 Exchanges

Code number : 5405

URL : <a href="http://www.sumitomometals.co.jp/">http://www.sumitomometals.co.jp/</a>

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Scheduled dividend payment date : December 1st, 2009

(Omitting the figures below million yen)

1. Highlights of Consolidated Financial Results for the First Half of FY 2009 (April 1, 2009 – September 30, 2009)

(1) Consolidated Statements of Income

(%: change from the previous fiscal year)

	Net	tsales	Operating income (losses)		Ordinary income (losses)		Net income(losses)	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First half of FY 2009	598,739	-39.0	(28,061)	-	(47,614)	-	(46,676)	-
First half of FY 2008	981,306	-	130,742	-	151,709	-	92,090	-

	Net income (losses) per share	Net income (losses) per share after dilution
	Yen	Yen
First half of FY 2009	(10.07)	-
First half of FY 2008	19.85	-

#### (2)Consolidated Balance Sheets

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
Second quarter of FY 2009	2,412,082	874,066	34.2	177.94
End of FY 2008	2,452,535	904,371	35.0	184.92

(Note) Shareholders' Equity: Second Quarter of FY 2009 824,904 Million yen

End of FY 2008 857,697 Million yen

#### 2. Dividends

	Dividends per share						
(-	End of	End of	End of	Year-end	Total		
(Record Date)	first quarter	second quarter	third quarter	icai ciiu	Iotai		
	Yen	Yen	Yen	Yen	Yen		
FY 2008	-	5.00	-	5.00	10.00		
FY 2009	-	2.50					
FY 2009(Target)			-	2.50	5.00		

(Note) Change in dividends target for FY 2009 during the current quarter: None

Our targeted dividends payment per share for FY 2009 is minimum 2.50 yen for the year-end payment, and minimum 5.00 yen for the entire year (including interim payment in the second quarter.)

3. Forecasts of Consolidated Financial Results for FY 2009 (April 1, 2009 - March 31, 2010)

(%: change from previous year)

	Net Sales		Operating income		Ordinary income (losses)		Net income (losses)		Net income (losses) per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Yearly total	1,290,000	-30.1	0	-	(45,000)	-	(50,000)	-	(10.79)

(Note) Change in target of consolidated financial results for FY 2009 during the current quarter of FY 2009: 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 principle/procedure of accounting method and presentation, etc. related to the preparation of quarterly consolidated financial statements (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):
  - a) Changes due to the revision of accounting standards, etc.:
  - b) Changes other than a):
- (4) Number of issued shares (common stock)
  - a) Number of shares of common stock issued and outstanding (including treasury shares) Last day of second quarter of 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 second quarter of FY 2009: 170,039,986 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 half of FY 2009: 4,636,335,187 shares

First half of FY 2008: 4,638,627,234 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 or expectations or the current intent, belief, targets 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 "3. Qualitative Information on Target of Consolidated Financial Results" in <Qualitative Information and Financial Statements, etc.> on page 5 and 6 of this document, important factors that could cause these differences. Sumitomo Metals 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.

(Reference) Highlights of Consolidated Financial Results for the Second Quarter of FY 2009 (July 1, 2009 – September 30, 2009)

Consolidated Statements of Income (3 months)

(Omitting the figures below million yen) (%: change from the previous fiscal year)

	Net	sales	Operating income (losses)		Ordinary income (losses)		Net income(losses)	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Second quarter of FY 2009	308,288	-41.7	6,357	-90.7	(5,961)	-	(14,316)	-
Second quarter of FY 2008	529,065	-	68,625	-	77,243	-	48,596	-

	Net income (losses) per share	Net income (losses) per share after dilution
	Yen	Yen
Second quarter of FY 2009	(3.09)	-
Second quarter of FY 2008	10.48	-

< Qualitative Information and Financial Statements, etc.>

## 1. Qualitative Information on Consolidated Business Results

Although demand for steel began to recover during the second quarter of the consolidated fiscal year under review, we have not yet seen a full-scale recovery of demand. While making efforts to reduce costs and curb expenditures, the SMI Group (Sumitomo Metal Industries, Ltd. and its consolidated subsidiaries) carried out projects to enable sustainable growth in the future.

Our Group's business performance in the second quarter of the consolidated fiscal year under review (July 1, 2009 to September 30, 2009) has deteriorated compared with the second quarter of the previous consolidated fiscal year (July 1, 2008 to September 30, 2008) due to lower sales prices and other factors. As a result, net sales was 308.2 billion yen (a 220.7 billion yen decline compared with the second quarter of the previous consolidated fiscal year), operating income was 6.3 billion yen (a 62.2 billion yen year-on-year decline), ordinary losses were 5.9 billion yen (a 83.2 billion yen year-on-year decline in profit), resulting in quarterly net losses of 14.3 billion yen (a 62.9 billion yen year-on-year decline in profit).

### (Performance by segment)

The business performance by segment on a consolidated basis for the second quarter of the consolidated fiscal year under review is described in the following table.

	Net sales	Increase/ (Decrease)*1	Operating income (losses)	Increase/ (Decrease)*1
	(Billion yen)	(%)	(Billion yen)	(%)
Steel Segment *2	284.3	(43.1)	4.8	(93.0)
Steel Sheet & Plate	124.4	(38.8)		
Pipe & Tube	107.8	(45.7)		
Railway & Automotive	21.1	(29.6)		
Kokura	20.7	(56.2)		
Naoetsu	4.9	(59.8)		
Other Steel	5.2	(33.3)		
Other *3	23.8	(19.1)	1.5	•
Corporate or eliminations	-	-	(0)	-
Total	308.2	(41.7)	6.3	(90.7)

<sup>\*1</sup> Percentage change compared with the quarter in the previous fiscal year.

Pipe & Tube: Pipe & Tube Company

Railway & Automotive: Railway, Automotive & Machinery Parts Company

Kokura: Sumitomo Metals (Kokura), Ltd.

Naoetsu: Sumitomo Metals (Naoetsu), Ltd.

(Business performance during the second quarter of the consolidated fiscal year under review, by segment)

## (1) Steel segment

While taking measures to improve profitability through the reduction of costs and expenses, we have remained committed to our medium to long-term strategy in our steel business and have carried out projects towards the sustainable growth.

In the second quarter of the consolidated fiscal year under review, we completed the first step of the investment project to renew our up-stream processes, and the No. 1 blast furnace at the Wakayama Steel Works began operation in July 2009 to support our sustainable growth.

<sup>\*2</sup> Steel Sheet & Plate: Steel Sheet, Plate & Structural Steel Company

<sup>\*3</sup> From the first quarter of FY 2009, Engineering and Electronics have been included in "Others."

The SMI Group and the Nippon Steel Corporation Group merged their arc-welded stainless steel pipe and tube businesses in July 2009 to leverage the strengths of both parties and achieve a high degree of competitiveness.

Sumitomo Metals (Kokura), Ltd., our consolidated subsidiary focusing on specialty bars and wire rods, refitted its finishing roll equipment for the steel bars to the world's most advanced equipment and began operations in August 2009.

Sumitomo Metal Industries, Ltd. and Chuo Denki Kogyo Co., Ltd. (an affiliate accounted for by the equity method) agreed to integrate the secondary (rechargeable) battery business of the two companies in order to be more competitive in the battery market and expand the business. The market for these batteries, with applications in electric vehicles and other areas, is expected to grow.

#### (2) Others

Our other businesses are seeking to establish more efficient business operations, in line with SMI Group's intention to focus its resources on its core competencies.

We transferred our bridge business to Sumikin Bridge Co., Ltd. in July 2009, making a progress towards a scheme to form a joint venture in bridge business with Yokogawa Bridge Holdings Corporation.

Sumitomo Metal Industries Ltd. agreed with Hokuriku Electric Industry Co., Ltd. in September 2009 that Sumitomo Metal Micro Devices, Inc., our consolidated subsidiary in electronic business, and Hokuriku Electric Industry Co., Ltd. form a business alliance.

Note: Please refer to the Financial Results for the First Quarter of FY 2009 (ending March 31, 2010) disclosed on July 30, 2009, with regard to qualitative information on consolidated business result for the first quarter of FY 2009.

## 2. Qualitative Information on Financial Situation

Total assets, as of the end of the second quarter of the consolidated fiscal year under review, totaled 2,412.0 billion yen, a decline of 40.4 billion yen compared with the figure at the end of the previous consolidated reporting period (FY2008 ended March 31, 2009). Net assets totaled 874.0 billion yen (a decline of 30.3 billion yen), giving an equity ratio of 34.2%. Consolidated debt increased by 158.7 billion yen compared with the end of the previous consolidated reporting period, to be 1,148.7 billion yen, as a result of capital investments needed to "accelerate distinctiveness" and other factors such as a decline in the business performance in the first half of the consolidated fiscal year under review.

## 3. Qualitative Information on Targets of Consolidated Financial Results

The ordinary income in the first half of the consolidated fiscal year under review exceeded the forecast figures published on July 30, 2009 mainly because the recovery of profitability in the steel sheet business exceeded expectations. The ordinary income for the entire consolidated fiscal year, however, is expected to fall. The reason is that the recovery of demand in the steel pipe business is slower than expected and that the profitability of our consolidated affiliates accounted for by the equity method is expected to worsen. Our revised forecasts for the entire consolidated fiscal year are as follows: net sales of 1,290 billion yen, operating income of zero, ordinary losses of 45 billion yen, and net losses of 50 billion yen. We disclosed these revised forecasts (revised forecast for the first half, as well as the entire year for the fiscal year ending March 31, 2010) in the "Notice Regarding Revised Forecasts" announced today.

In response to the harsh economic environment, the SMI Group endeavours to improve our financial condition by reducing costs and curbing expenditures.

We believe that global steel demand will steadily increase in the medium- and long-term. We will not deviate from our medium- to long-term strategies and will conduct our projects to enhance corporate value. In particular, we believe that global environmental protection will become an even more important issue, and will endeavour to be competitive in technologies and products that help to reduce  $CO_2$  emissions.

#### 4. Consolidated financial statements

### (1) Consolidated Balance Sheets

		(Willion yell)
	At the End of	Summarized Balance
Items	Second Quarter	Sheets at the End of
1001115	Under Review	the Previous FY
	(As of September 30, 2009)	(As of March 31, 2009)
(Assets)		
Current assets:		
Cash and deposits	21,157	41,056
Notes and accounts receivable trade	99,151	135,804
Merchandise and finished goods	197,834	208,713
Work in process	41,343	37,278
Raw materials and supplies	231,026	264,257
Other	49,124	51,339
Allowance for doubtful accounts	49,124 $(144)$	51,339 $(1,087)$
Total current assets	639,493	737,362
Noncurrent assets:	000,400	101,002
Property, plant and equipment:		
Buildings, net	264,703	247,065
Machinery, equipment and vehicles, net	433,692	379,805
Land, net	341,829	341,477
Other, net	97,357	164,858
Total property, plant and equipment	1,137,582	1,133,207
Intangible assets	6,536	5,226
Investment and other assets:	5,530	
Investment securities	523,959	483,001
Other	106,190	93,995
Allowance for doubtful accounts	(1,678)	(258)
Total investments and other assets	628,471	576,738
Total noncurrent assets	1,772,589	1,715,172
		-
Total assets	2,412,082	2,452,535

# (1) Consolidated Balance Sheets (Continued)

Items	At the End of Second Quarter Under Review	Summarized Balance Sheets at the End of the Previous FY
(5.1.1.1.)	(As of September 30, 2009)	(As of March 31, 2009)
(Liabilities)		
Current liabilities:		
Notes and accounts payable-trade	189,114	313,706
Short-term loans payable	267,707	237,323
Other	140,358	192,939
Total current liabilities	597,180	743,969
Noncurrent liabilities:	ŕ	,
Bonds payable	195,655	160,652
Long-term loans payable	673,360	568,035
Provision for retirement benefits	21,114	22,510
Provision for special repairs	234	225
Other	50,471	52,770
Total noncurrent liabilities	940,835	804,194
Total liabilities	1,538,016	1,548,163
(Net Assets)		
Shareholders' equity:		
Capital stock	262,072	262,072
Capital surplus	61,829	61,829
Retained earnings	610,940	680,807
Treasury stock	(91,079)	(90,528)
Total shareholders' equity	843,763	914,180
Valuation and translation adjustments:		
Valuation difference on available-for sale	(14,907)	(41,542)
securities	·	·
Deferred gains or losses on hedges	(766)	(690)
Revaluation reserve for land	11,834	11,833
Foreign currency translation adjustment	(15,017)	(26,083)
Total valuation and translation adjustment	(18,858)	(56,483)
Minority interests	49,161	46,674
Total net assets	874,066	904,371
Total liabilities and net assets	2,412,082	2,452,535

# (2) Consolidated Statements of Income

First Half of FY 2009 (April 1, 2009 – September 30, 2009)

	Second Half of the	Second Half
	Previous FY	Under Review
Items	(April 1, 2008 -	(April 1, 2009 -
	September 30, 2008)	September 30, 2009)
Net Sales	981,306	598,739
Cost of sales	780,304	565,523
Gross profit	201,001	33,215
Selling, general and administrative expenses:		
Shipment expenses	22,771	13,921
Employees' salaries and allowances	20,408	19,934
Other	27,078	27,422
Total selling, general and administrative expenses	70,258	61,277
Operating income (losses)	130,742	(28,061)
Non-operating income:		
Dividends income	-	2,157
Equity in earnings of affiliates	24,231	-
Other	14,538	6,819
Total non-operating income	38,770	8,976
Non-operating expenses:		
Interest expenses	7,189	7,818
Equity in losses of affiliates	-	11,701
Other	10,614	9,008
Total non-operating expenses	17,804	28,529
Ordinary income (losses)	151,709	(47,614)
Extraordinary losses		
Loss on change in equity	-	1,592
Restructuring loss	-	1,532
Total extraordinary losses	-	3,124
Income (losses) before income taxes and minority	151,709	(50,739)
interests	151,709	(50,759)
Income taxes-current	49,825	1,172
Income taxes-deferred	7,300	(4,681)
Total income taxes	57,126	(3,509)
Minority interests in income (losses)	2,492	(553)
Net income (losses)	92,090	(46,676)

Second Quarter of FY 2009 (July 1, 2009 - September 30, 2009)

Second Quarter of 1 1 2000 (sury 1, 2000 September	90, 2000/	(Willion yen)
	Second Quarter of the	Second Quarter
Items	Previous FY	Under Review
items	(July 1, 2008 -	(July 1, 2009 -
	September 30, 2008)	September 30, 2009)
Net Sales	529,065	308,288
Cost of sales	424,275	270,737
Gross profit	104,790	37,551
Selling, general and administrative expenses:		
Shipment expenses	12,575	7,206
Employees' salaries and allowances	10,001	9,838
Other	13,587	14,149
Total selling, general and administrative expenses	36,165	31,194
Operating income	68,625	6,357
Non-operating income:		
Dividends income	-	668
Equity in earnings of affiliates	14,098	-
Other	5,259	1,612
Total non-operating income	19,358	2,281
Non-operating expenses:		
Interest expenses	3,342	3,955
Equity in losses of affiliates	-	6,232
Other	7,398	4,412
Total non-operating expenses	10,740	14,600
Ordinary income (losses)	77,243	(5,961)
Extraordinary losses:		
Loss on change in equity	-	1,592
Restructuring loss	-	1,532
Total extraordinary losses	-	3,124
Income (losses) before income taxes and minority	77.040	(0,000)
interests	77,243	(9,086)
Income taxes-current	27,178	587
Income taxes-deferred	292	4,809
Total income taxes	27,470	5,397
Minority interests in income (losses)	1,175	(166)
Net income (losses)	48,596	(14,316)
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# (3) Consolidated Statement of Cash Flows

<u></u>	<b>1</b>	(Willion yell)
	First Half of the	First Half
	Previous FY	Under Review
	(April 1, 2008 -	(April 1, 2009 -
	September 30, 2008)	September 30, 2009)
Operating activities:	,	•
Income (losses) before income taxes and		(112 = 2.1)
minority interests	151,709	(50,739)
Depreciation and amortization	53,838	56,661
Equity in (earnings) losses of affiliates	(24,231)	11,701
Decrease (increase) in notes and accounts	·	•
receivable-trade	(66,740)	38,004
Decrease (increase) in inventories	(69,556)	41,577
Increase (decrease) in notes and accounts	ŕ	·
payable-trade	105,184	(125,898)
Other	(2,875)	12,884
Subtotal	147,328	(15,808)
	-	(35,152)
Income taxes paid	(55,084)	
Net cash provided by (used in) operating activities	92,244	(50,961)
Investment activities:		(0.4.000)
Purchase of investment securities	_	(24,662)
Payments for investments in capital	-	(18,272)
Purchase of property, plant and equipment and	(95,332)	(69,491)
intangible assets		•
Other	1,822	16,428
Net cash provided by (used in) investment activities	(93,509)	(95,997)
Financing activities:		
Net increase (decrease) in short-term loans payable	1,748	8,758
Increase (decrease) in commercial papers	(17,000)	2,000
Proceeds from long-term loans payable	54,816	149,015
Repayments of long-term loans payable	(31,191)	(23,567)
Proceeds from issuance of bonds	39,988	35,000
Redemption of bonds	(21,500)	(14,000)
Cash dividends paid	(23,195)	(23,191)
Other	(4,769)	(10,459)
Net cash provided by (used in) financing activities	(1,103)	123,553
Effect of exchange rate change on cash and cash	221	1,468
equivalents	441	1,400
Net increase (decrease) in cash and cash equivalents	(2,147)	(21,937)
Cash and cash equivalents at beginning of period	16,669	42,979
Increase (decrease) in cash and cash equivalents	00	
resulting from changes in the scope of consolidation	82	-
Increase (decrease) in cash and cash equivalents	_	20
resulting from merger of subsidiaries	7	39
, <u> </u>		

<sup>(4)</sup> Notes on going concern assumption: Not applicable.

- (5) Segment Information
- a) Segment information by business sector

# Second quarter of the previous fiscal year (July 1, 2008 - September 30, 2008)

(Million yen)

	Steel	Engineering	Electronics	Others	Total	Corporate or eliminations	Consolidated
Sales to customers	499,530	3,026	13,646	12,862	529,065	·	529,065
Intersegment sales	408		-	4,846	5,254	-5,254	
Total sales	499,938	3,026	13,646	17,708	534,319	-5,254	529,065
Operating income (losses)	69,259	(373)	(301)	180	68,765	-139	68,625

## Second quarter of the current fiscal year (July 1, 2009 - September 30, 2009)

(Million yen)

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	Steel	Others	Total	Corporate or eliminations	Consolidated
Sales to customers	284,397	23,891	308,288	-	308,288
Intersegment sales	416	4,518	4,934	-4,934	-
Total sales	284,813	28,409	313,223	-4,934	308,288
Operating income (losses)	4,864	1,526	6,390	-33	6,357

# First half of the previous fiscal year (April 1, 2008 - September 30, 2008)

(Million yen)

	Steel	Engineering	Electronics	Others	Total	Corporate or eliminations	Consolidated
Sales to customers	924,277	5,186	29,594	22,247	981,306	ı	981,306
Intersegment sales	608	16		9,487	10,112	-10,112	-
Total sales	924,886	5,202	29,594	31,734	991,418	-10,112	981,306
Operating income (losses)	133,087	(534)	(197)	(1,447)	130,908	-165	130,742

# First half of the current fiscal year (April 1, 2009 - September 30, 2009)

	Steel	Others	Total	Corporate or eliminations	Consolidated
Sales to customers	557,747	40,992	598,739	-	598,739
Intersegment sales	416	8,819	9,236	-9,236	-
Total sales	558,163	49,812	607,975	-9,236	598,739
Operating income (losses)	(29,574)	1,378	(28,195)	133	(28,061)

(Notes) Method for identifying business sectors and major products classified to each sector

1 Method for identifying business sectors

Each business sector is determined based on similarities in characteristics of products and market.

2 Major products for respective segments

Segment		Major products etc.						
Steel	Steel sheets and plates	Steel plates for structural uses, steel plates and sheets for low-temperature service, steel plates and sheets 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	H-shapes, fixed outer dimension H-shapes, lightweight						
	materials Steel tubes and pipes	welded beams, sheet piles, steel pipe piles etc.  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.						
	Other steel	Titanium products, steel making technology, electric power, land and sea transport of steel materials, maintenance of machinery and facilities, pipelines, energy plant, sales of lime stone etc.						
Other	Electronic modules, lea	se and sale of real estate, etc.						

#### b) Segment information by location

For the second quarter of the previous fiscal year (July 1, 2008 - September 30, 2008) and the first half of the previous fiscal year (April 1, 2008 – September 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.

For the second quarter of the current fiscal year (July 1, 2009 - September 30, 2009) and the first half of the current fiscal year (April 1, 2009 – September 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

Second Quarter of the previous fiscal year (July 1, 2008 - September 30, 2008)

	Asia	Other	Total
1 Overseas Sales (Million yen)	166,358	54,010	220,369
2 Consolidated Sales (Million yen)			529,065
3 Percentages of Overseas Sales in Consolidated Sales (%)	31.4	10.3	41.7

## Second Quarter of the current fiscal year (July 1, 2009 - September 30, 2009)

	Asia	Other	Total
1 Overseas Sales (Million yen)	89,384	30,153	119,538
2 Consolidated Sales (Million yen)			308,288
3 Percentages of Overseas Sales in Consolidated Sales (%)	29.0	9.8	38.8

# First half of the previous fiscal year (April 1, 2008 - September 30, 2008)

	Asia	Other	Total
1 Overseas Sales (Million yen)	307,641	95,838	403,480
2 Consolidated Sales (Million yen)			981,306
3 Percentages of Overseas Sales in Consolidated Sales (%)	31.4	9.7	41.1

## First half of the current fiscal year (April 1, 2009 - September 30, 2009)

	Asia	Other	Total
1 Overseas Sales (Million yen)	174,282	71,863	246,146
2 Consolidated Sales (Million yen)			598,739
3 Percentages of Overseas Sales in Consolidated Sales (%)	29.1	12.0	41.1

(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

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

	1 <sup>st</sup> quarter	2 <sup>nd</sup> quarter	$1^{ m st}$ half	3 <sup>rd</sup> quarter	4 <sup>th</sup> quarter	2 <sup>nd</sup> 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	9 90	2.79	5.07	_	_	6.60	11.70
(Forecast)	2.28	2.19	5.07	_	_	(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	$2^{\mathrm{nd}}$ quarter	$1^{ m st}$ half	3 <sup>rd</sup> quarter	$4^{ m th}$ quarter	$2^{\mathrm{nd}}$ half	Total
FY2007	46	46	46	44	44	44	45
FY2008	44	44	44	46	48	47	45
FY2009	10	49	4 5			41	43
(Forecast)	48	42	45	-	•	(approx.)	(approx.)

## 3) Foreign exchange rate

(Yen/US\$)

	1st quarter	2 <sup>nd</sup> quarter	$1^{ m st}$ half	3 <sup>rd</sup> quarter	4 <sup>th</sup> quarter	2 <sup>nd</sup> half	Total
FY2007	121	118	119	114	105	109	114
FY2008	105	108	106	96	94	95	101
FY2009 (Forecast)	97	94	95	-	-	90 (approx.)	93 (approx.)

4) Consolidated exposure to foreign exchange fluctuations

<u> </u>	
FY2008	Forecast for FY2009
Excess payment of approximately	Excess receipt of approximately
0.2 billion US\$ per year	0.7 billion US\$ per year *

<sup>\*</sup>Foreign exchange forward contract has been executed.

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

		0.1	1 . 1 . 10	0.1	4.3	0.11.10	Total
	1st quarter	$2^{ m nd}$ quarter	$1^{ m st}$ half	3 <sup>rd</sup> quarter	4 <sup>th</sup> quarter	$2^{ m nd}$ half	
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	00.0	00.0	_	_	81	88
(Forecast)	109.4	86.8	96.8	_	_	(approx.)	(approx.)

# 6) Forecast for non-consolidated figures

FY 2009 Results for **Entire Year** Forecasts First Half Sales 396.0 820(approx.) Operating income (losses) 20(approx.) 4.1 Ordinary income (losses) 5.210(approx.) Net income (losses) 0.9 5(approx.)

(Billion ven)

(Dillion yell)
(Previous Forecasts)
FY2009
890(approx.)
35(approx.)
30(approx.)
20(approx.)

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

(Billion yen)

	Results for First	t Half of FY2009	Forecasts for FY2009		
	Sales	Operating income (losses)	Sales	Operating income (losses)	
Steel	557.7	(29.5)	1,210(approx.)	(5)(approx.)	
Others	40.9	1.3	80(approx.)	5(approx.)	

# <Sales by internal companies>

(Billion yen)

	FY2009	
	Results for First Half	Forecasts for First Half
Steel sheet, plate & structural steel company (consolidated)	223.3	495(approx.)
Pipe and tube company (consolidated)	230.7	480(approx.)
Railway, automotive & Machinery parts company (consolidated)	40.9	90(approx.)
Sumitomo Metals(Kokura) (consolidated)	41.4	95(approx.)

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

(Billion yen)

	March 2009	September 2009	(Forecasts) March 2010
Consolidated	990.0	1,148.7	1,140(approx.)
Non consolidated	920.2	1,069.5	1,070(approx.)

# 9) Analysis of consolidated ordinary income (losses)

-Foreign exchange (TTM) assumption:

95 Yen/US\$ (First half of FY 2009) ← 106 Yen/US\$ (First half of FY 2008)

(Billion yen)

	First Half of FY2009	First Half of FY 2008	Increase/(Decrease)
Consolidated ordinary income	(47.6)	151.7	(199.3)

Positive impact		Negative impact				
Raw materials price decrease *1	109.0	Losses from valuation	(78.0)			
Cost improvement	15.0	Negative impact of production cut	(75.0)			
		Decrease of equity in earnings of unconsolidated subsidiaries	(35.9)			
		Inventory devaluation	(4.0)			
		Sales mix and others	(130.4)			
Total 124.0		Total	(323.3)			
Difference: (116.1)						

<sup>\*1</sup> Positive impact of "Raw materials price decrease" includes negative impact of 87.0 billion yen due to carry over of raw materials costs.