

Sumitomo Metal Industries, Ltd.
Consolidated Financial Results
for the First Quarter of FY2011 (ending March 31, 2012)

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, Fukuoka and Sapporo Stock Exchange
Code number : 5405
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(Figures less than a million yen are truncated.)

1. Highlights of Consolidated Financial Results for the First Quarter of FY2011

(April 1, 2011 - June 30, 2011)

(1) Consolidated Statement of Operations (%: 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 FY2011	306,899	-10.2	16,804	17.6	19,059	100.8	3,255	-27.3
First quarter of FY2010	341,600	17.6	14,285	-	9,490	-	4,478	-

(Note) Comprehensive Income: First quarter of FY2011 - 3,937 Million yen (- %)

First quarter of Y2010 - (22,090) Million yen (- %)

	Net income for the quarter per share		Net income for the quarter per share after dilution	
	Yen		Yen	
First quarter of FY2011	0.70		-	
First quarter of FY2010	0.97		-	

(2) Consolidated Balance Sheets

	Total assets		Net assets		Equity ratio	
	Million yen		Million yen		%	
First quarter of FY2011	2,424,438		817,641		31.6	
FY2010	2,440,761		818,080		31.4	

(Note) Shareholders' Equity: First quarter of FY2011 - 765,353 Million yen

FY2010 - 766,777 Million yen

2. Dividends

(Record Date)	Dividends per share				
	End of First Quarter	End of Second Quarter	End of Third Quarter	Year-end	Total
FY2010	Yen -	Yen 2.50	Yen -	Yen 1.00	Yen 3.50
FY2011	-				
FY2011(Forecasts)		1.00	-	2,50	3.50

(Note) Changes in dividends forecasts for FY2011 announced previously: Yes

3. Forecasts for Consolidated Financial Performance for FY2011 (April 1, 2011 - March 31, 2012) (%: change from previous year)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half ending Sept. 30, 2011	700,000	0.9	35,000	0.6	40,000	38.1	15,000	-57.0	3.24
Full-year	1,530,000	9.1	90,000	59.9	100,000	193.7	50,000	-	10.79

(Note) Changes in forecasts for consolidated financial performance for FY2011 announced previously: 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 peculiar to quarterly consolidated financial statements: None

(3) Changes in the principle/procedure of accounting method and presentation, changes in estimation related to financial statements, and re-statement of revisions.

- (i) Changes in the principle/procedure of accounting method and presentation due to the revision of accounting standards, etc.: None
- (ii) Changes other than (i): None
- (iii) Changes in estimation related to financial statements: None
- (iv) Re-statement of revisions: 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, FY2011: 4,805,974,238 shares

Last day of FY2010: 4,805,974,238 shares

(b) Number of treasury shares

Last day of First Quarter, FY2011: 170,468,459 shares

Last day of FY2010: 170,413,839 shares

(c) The average number of shares of common stock issued and outstanding during the period

First quarter of FY2011: 4,635,534,403 shares

First quarter of FY2010: 4,635,793,366 shares

(Note) We are scheduled to conduct a conference call for analysts and fund managers on Thursday, July 28, 2011. We will upload the document and a summary of Q&A on our website (<http://www.sumitomometals.co.jp/e/ir/>) after the conference.

(Note) This document, including the APPENDIX, is not a subject of audit procedure under the Financial Instruments and Exchange Law of Japan. The consolidated quarterly financial statements are currently under review according to the Financial Instruments and Exchange Law of Japan.

The forecasts or targets included in this document, including the APPENDIX, 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 *shihannki hokokusho* and financial summaries, including "1. Qualitative Information on Consolidated Financial Results" on page 2 of the APPENDIX, 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 any changes in the assumptions and factors on which they are based.

APPENDIX

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1. Qualitative Information on Consolidated Financial Results

(1) Qualitative Information on Consolidated Business Results

Demand for steel products in the domestic market dropped sharply during the current quarter mainly due to a decline in demand from the automotive market caused by the Great East Japan Earthquake of March 11, 2011. In the overseas market, steel demand was on the uptrend, but pricing was weak due to over-capacity in East Asia and other regions. Prices of raw materials such as iron ore and coking coal surged due to robust demand in China and other markets.

In such a business environment, the Sumitomo Metals Group made every effort to restore the Kashima Steel Works which was damaged by the earthquake, and succeeded in restarting all the factories at Kashima by April 25, 2011. The cash outflow related to the earthquake was estimated to be around 100 billion yen including losses caused by the disaster and investment to replace damaged facilities. We are endeavouring to replenish at least a half of that outflow within FY 2011, by reconsidering capital expenditures and reducing costs to achieve a reduction of expenses without setting any exceptions. We also made efforts to reflect the rise in cost of raw materials in prices of our steel products.

The Sumitomo Metals Group's business results for the current quarter were as follows: net sales of 306.8 billion yen (a decrease of 34.7 billion yen from the first quarter of the previous year), operating income of 16.8 billion yen (an increase of 2.5 billion yen from the first quarter of the previous year), ordinary income of 19.0 billion yen (an increase of 9.5 billion yen from the first quarter of the previous year). The operating income and the ordinary income have improved compared with the same period of the previous year. Net income, however, was 3.2 billion yen (a decrease of 1.2 billion yen from the first quarter of the previous year) due to a temporary factor related to negative effects caused by the Great East Japan Earthquake. This performance is a result of our cost reduction efforts and other factors, while facing the negative factors such as steep rise in raw material prices and lower operating rate due to equipment damage caused by the earthquake.

(2) Qualitative Information on Forecasts of Consolidated Financial Results

During the first half of FY 2011, the overseas market environment for seamless pipe is expected to improve, while the domestic market is expected to see a recovery in steel demand thanks to a rapid recovery of automotive production from the slump caused by the earthquake. Our forecasts for the first half of FY 2011 are net sales of 700.0 billion yen, operating income of 35.0 billion yen, ordinary income of 40.0 billion yen, and net income of 15.0 billion yen.

During the current fiscal year, there are many uncertainties in the business environment, which include the future price trend of raw material prices, risk of over-supply in China and other markets, and effects of power shortages on the demand from Japan's manufacturing industries. On the other hand, the supply-demand situation of seamless pipe in the overseas market is expected to improve and the domestic automotive production is likely to recover to the pre-earthquake level as the recovery from the Great East Japan Earthquake progresses, leading into an improvement in steel demand.

Under these conditions, the Sumitomo Metals Group is making greater efforts to improve profitability by reducing costs and working to improve selling prices.

Business forecasts for FY 2011 are net sales of 1,530.0 billion yen, operating income of 90.0 billion yen, ordinary income of 100.0 billion yen, and net income of 50.0 billion yen.

These forecasts were separately disclosed in the "Notice Regarding Forecasts for Financial Performances and Dividends" today.

2. Consolidated Quarterly Financial Statements

(1) Consolidated Quarterly Balance Sheets

(Million yen)

Items	At the end of previous FY (As of March 31, 2011)	At the end of first quarter under review (As of June 30, 2011)
(Assets)		
Current assets:		
Cash and deposits	83,264	33,549
Notes and accounts receivable-trade	109,571	110,458
Merchandise and finished goods	144,655	174,326
Work in process	23,476	28,820
Raw materials and supplies	230,533	229,856
Other	57,089	56,485
Allowance for doubtful accounts	(660)	(635)
Total current assets	647,930	632,862
Noncurrent assets:		
Property, plant and equipment:		
Buildings, net	262,229	259,556
Machinery, equipment and vehicles, net	413,400	399,727
Land	350,518	350,776
Other, net	91,563	99,327
Total property, plant and equipment	1,117,712	1,109,388
Intangible assets	6,208	6,184
Investment and other assets:		
Investment securities	485,511	462,502
Other	183,608	213,710
Allowance for doubtful accounts	(209)	(209)
Total investments and other assets	668,910	676,003
Total noncurrent assets	1,792,830	1,791,576
Total assets	2,440,761	2,424,438

(1) Consolidated Quarterly Balance Sheets (Continued)

(Million yen)

Items	At the end of previous FY (As of March 31, 2011)	At the end of first quarter under review (As of June 30, 2011)
(Liabilities)		
Current liabilities:		
Notes and accounts payable-trade	221,195	218,628
Short-term loans payable	279,818	284,648
Provision for loss on disaster	49,307	31,795
Other	250,278	258,089
Total current liabilities	800,600	793,162
Noncurrent liabilities:		
Bonds payable	180,664	175,665
Long-term loans payable	572,899	569,163
Provision for retirement benefits	20,318	20,659
Provision for special repairs	197	203
Other	48,000	47,942
Total noncurrent liabilities	822,080	813,634
Total liabilities	1,622,681	1,606,797
(Net Assets)		
Shareholders' equity:		
Capital stock	262,072	262,072
Capital surplus	61,829	61,829
Retained earnings	565,931	564,551
Treasury stock	(91,161)	(91,171)
Total shareholders' equity	798,671	797,282
Accumulated other comprehensive income:		
Valuation difference on available-for-sale securities	(18,877)	(24,960)
Deferred gains or losses on hedges	(594)	(528)
Revaluation reserve for land	11,203	11,204
Foreign currency translation adjustment	(23,627)	(17,644)
Total accumulated other comprehensive income	(31,894)	(31,929)
Minority interests	51,303	52,288
Total net assets	818,080	817,641
Total liabilities and net assets	2,440,761	2,424,438

(2) Consolidated Quarterly Statement of Operations and
Consolidated Quarterly Statement of Comprehensive Income

(Consolidated Quarterly Statement of Operations)

(Million yen)

Items	First quarter of the previous FY (April 1, 2010- June 30, 2010)	First quarter under review (April 1, 2011- June 30, 2011)
Net Sales	341,600	306,899
Cost of sales	295,790	261,710
Gross profit	45,810	45,188
Selling, general and administrative expenses	31,524	28,384
Operating income	14,285	16,804
Non-operating income:		
Dividends income	2,202	4,277
Equity in earnings of affiliates	1,222	4,781
Other	3,244	3,270
Total non-operating income	6,668	12,329
Non-operating expenses:		
Interest expenses	3,901	3,389
Other	7,562	6,684
Total non-operating expenses	11,464	10,073
Ordinary income	9,490	19,059
Extraordinary losses:		
Loss on disaster	-	12,320
Loss on sales of investment securities	-	1,990
Total extraordinary losses	-	14,311
Income before income taxes	9,490	4,747
Income taxes-current	1,909	2,374
Income taxes-deferred	2,475	(1,311)
Total income taxes	4,384	1,062
Net income before minority interest in income adjustment	5,105	3,685
Minority interests in income	626	430
Net income	4,478	3,255

(Consolidated Quarterly Statements of Comprehensive Income)

(Million yen)

Items	First quarter of the previous FY (April 1, 2010- June 30, 2010)	First quarter under review (April 1, 2011- June 30, 2011)
Net income before minority interests	5,105	3,685
Other comprehensive income:		
Valuation difference on available-for-sale securities	(26,915)	(5,971)
Deferred gains/(losses) on hedges	90	88
Revaluation reserve for land	(643)	-
Foreign currency translation adjustment	1,374	1,815
Share of other comprehensive income of associates accounted for using equity method	(1,102)	4,319
Total other comprehensive income	(27,196)	251
Comprehensive income	(22,090)	3,937
(Detail)		
Comprehensive income attributable to owners of the parent	(22,982)	3,220
Comprehensive income attributable to minority interests	892	716

(3) Notes on Going Concern Assumption:

Not applicable.

(4) Notes on Any Significant Change in Shareholders' Equity:

Not applicable.

3. Supplemental Information

(1) Financial Performances (Consolidated Basis)

(Billion yen)

	Forecasts for FY2011				
	1st quarter	(approx.) 2nd quarter	(approx.) 1st half	(approx.) 2nd half	(approx.) Total
Steel	297.2	380.0	680.0	805.0	1,485.0
Other	9.6	10.0	20.0	25.0	45.0
Net Sales	306.8	390.0	700.0	830.0	1,530.0
Steel	16.4	17.5	34.0	53.0	87.0
Other	0.4	0.5	1.0	2.0	3.0
Adjustment	(0.0)	-	-	-	-
Operating income	16.8	18.0	35.0	55.0	90.0
Ordinary income	19.0	21.0	40.0	60.0	100.0
Net income	3.2	12.0	15.0	35.0	50.0

(2) Crude Steel Production (Including Sumitomo Metals (Kokura), Ltd. and Sumikin Iron & Steel Corporation)

(Million tons)

	1st half		2nd half		Total
	1st quarter	2nd quarter	3rd quarter	4th quarter	
FY2009	2.28	2.79	3.26	3.32	11.65
FY2010	3.35	3.43	3.00	3.13	12.90
FY2011	2.77	(approx.) 3.45	(approx.) 6.20	-	(approx.) 13.30

(3) Export Ratio (Including Sumitomo Metals (Kokura), Ltd., Sumitomo Metals (Naoetsu), Ltd. and Sumikin Iron & Steel Corporation): Value Basis

(%)

	1st half		2nd half		Total
	1st quarter	2nd quarter	3rd quarter	4th quarter	
FY2009	48	42	41	41	43
FY2010	43	39	42	42	42
FY2011	46				

(4) Foreign Exchange Rate

(Yen/US\$)

	1st half		2nd half		Total
	1st quarter	2nd quarter	3rd quarter	4th quarter	
FY2009	97	94	90	91	93
FY2010	92	86	83	82	86
FY2011	82	(approx.) 80	(approx.) 81	-	(approx.) 80

(5) Exposure to Foreign Exchange Fluctuations (Consolidated Basis)

FY2010	Forecast for FY2011
Receipt and payment of US\$ is balanced	Excess payment of approximately 0.9 billion US\$ per year

(6) Average Price of Steel Products (Including Sumitomo Metals (Kokura), Ltd.,
Sumitomo Metals (Naoetsu), Ltd. and Sumikin Iron & Steel Corporation)

(Thousand yen/ton)

	1st half		2nd half			Total	
	1st quarter	2nd quarter	3rd quarter	4th quarter	2nd half		
FY2009	109.4	86.8	96.8	79.0	84.3	81.7	88.0
FY2010	87.7	95.6	91.6	95.9	97.9	96.9	94.2
FY2011	104.5						

(7) Outstanding Debt (Consolidated Basis)

(Billion yen)

As of March 31, 2011	As of June 30, 2011	As of September 30, 2011 (Forecast)	As of March 31, 2012 (Forecast)
1,173.3	1,197.4	approx. 1,210.0	approx. 1,210.0

(8) Analysis on Contributors to Change in Ordinary Income (Consolidated Basis)

-Foreign exchange (TTM) assumption:

82 Yen/US\$ (1st quarter of FY2011) ← 92 Yen/US\$ (1st quarter of FY2010)

(Billion yen)

	1st quarter of FY2011	1st quarter of FY2010	Increase/(Decrease)
Consolidated ordinary income/(losses)	19.0	9.4	9.5

(Billion yen)

Positive impact		Negative impact	
Cost improvement	7.0	Prices of raw materials and other materials	(51.5)
Decrease of fixed costs	3.5	Effect of the earthquake	(4.0)
Increase of equity in earnings of unconsolidated subsidiaries	3.5	Sales volume	(1.0)
Inventory devaluation	2.0	Carry-over of raw materials costs*	(1.0)
Sales price/mix and others	51.0		
Total	67.0	Total	(57.5)

Difference: 9.5

* Impact of carry-over: 1st quarter of 2011 - positive 18.0 billion yen
1st quarter of 2010 - positive 19.0 billion yen