

Sumitomo Metal Industries, Ltd.
Consolidated Financial Situation and Business Results
for the First Half of FY 2008 (ending March 31, 2009)

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	: http://www.sumitomometals.co.jp/
Contact	: Toshifumi Matsui, Manager, Public Relations Group Phone +81-3-4416-6115
Scheduled dividend payment date	: December 1st, 2008

(Omitting the figures below million yen)

1. Highlights of Consolidated Financial Results for the First Half of FY 2008

(April 1, 2008 – September 30, 2008)

(1) Consolidated Statements of Income (%: change from the previous year)

	Net sales		Operating profit		Recurring profit		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First half of FY 2008	981,306	-	130,742	-	151,709	-	92,090	-
First half of FY 2007	847,807	10.4	141,730	4.9	152,768	(2.1)	96,907	(2.9)

	Net income per share		Net income per share after dilution	
	Yen		Yen	
First half of FY 2008	19.85		-	
First half of FY 2007	21.15		21.14	

(2) Consolidated Balance Sheets

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
First half of FY 2008	2,562,221	983,563	36.5	201.68
End of FY 2007	2,418,310	949,303	37.3	194.43

(Note) Shareholders' Equity: First half of FY 2008 - 935,453 Million yen
End of FY 2007 - 901,946 Million yen

2. Dividends

(Record Date)	Dividends per share				
	End of first quarter	End of second quarter	End of third quarter	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY 2007	-	5.00	-	5.00	10.00
FY 2008	-	5.00	—	—	—
FY 2008(Target)	—	—	-	5.00	10.00

(Note) Change in dividends target for FY 2008 during the second quarter of FY 2008: None

3. Target of Consolidated Financial Results for FY 2008 (April 1, 2008 - March 31, 2009)

(%: change from previous year)

	Net Sales		Operating profit		Recurring profit		Net income		Net income per share
	Million yen	%	Million y	%	Million yen	%	Million	%	Yen
Yearly total	2,030,000	16.4	280,000	2.0	300,000	0.6	185,000	2.5	39.88

(Note) Change in target of consolidated financial results for FY 2008 during the second quarter of FY 2008: Yes

4. Others

(1) Changes in material subsidiaries within the term (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

(Note) Please refer to “4. Other Information” in <Qualitative Information and Financial Statements, etc.> from page 6 to 8.

(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 quarterly consolidated financial statements):

a) Changes following the revision of accounting standards, etc.: Yes

b) Changes other than a): Yes

(Note) Please refer to “4. Other Information” in <Qualitative Information and Financial Statements, etc.> from page 6 to 8.

(4) Number of issued shares (common stock)

a) Number of shares of common stock issued at the end of the period (including treasury shares)

Second quarter of FY 2008: 4,805,974,238 shares

FY 2007: 4,805,974,238 shares

b) Number of treasury shares at the end of the period

Second quarter of FY 2008: 167,605,957 shares

FY 2007: 167,067,695 shares

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

First half of FY 2008: 4,638,627,234 shares

First half of FY 2007: 4,582,408,654 shares

1. 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 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.
2. Starting from the current fiscal year, the Accounting Standards Board of Japan ("ASBJ") Statement No. 12 "Accounting Standard for Quarterly Financial Reporting" and ASBJ Guidance No. 14 "Guidance on Accounting Standard for Quarterly Financial Reporting" have been implemented. The quarterly consolidated financial statements are prepared in accordance with "The Rules for Quarterly Consolidated Financial Reporting."

<Qualitative Information and Financial Statements, etc.>

1. Qualitative Information on Consolidated Business Results

(Overall review)

During the second quarter of FY 2008 (from July 1, 2008 to September 30, 2008) steel demand in general, with the exception of the domestic construction market, continued to be firm. Demand for high-end steel products in areas such as the energy and automotive sectors, in which the Sumitomo Metals Group (Sumitomo Metal Industries, Ltd. and its consolidated subsidiaries) focuses its efforts, remained strong and our production and sales continued at a high level.

The Group's major issue for the current fiscal year is to counter the huge cost burden derived from the surge in prices of raw materials such as iron ore and coal. The Group is making every effort to reduce costs as well as to improve prices while seeking the understanding from customers.

Under these circumstances, our Group's business performance on a consolidated basis for the second quarter of FY 2008 was 529.0 billion yen in net sales, 68.6 billion yen in operating profit, 77.2 billion yen in recurring profit and 48.5 billion yen in net income. The profit level was similar to that of the second quarter of the previous fiscal year.

(Performance by segment)

The business performance by segment on a consolidated basis for the second quarter FY 2008 is described in the following table.

(Billion yen)

	Net sales	Operating profit
* Steel business	499.5	69.2
Steel Sheet & Plate	203.2	
Pipe & Tube	198.6	
Railway & Automotive	30.0	
Kokura	47.4	
Naoetsu	12.2	
Other	7.8	
Engineering business	3.0	(0.3)
Electronics business	13.6	(0.3)
Other	12.8	0.1
Corporate or eliminations	—	(0.1)
Total	529.0	68.6

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

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 FY 2008 by segment)

a) Steel business

Our steel business has been working to achieve our basic goal of accelerating distinctiveness and increasing corporate value through sustainable growth with an optimum balance between quality and scale.

At the end of June this year, we completed the investment at the Pipe & Tube Company's Wakayama Steel Works and Amagasaki Steel Tube Works to increase the production capacity of super high-end seamless pipes. During the second quarter of FY 2008, the new facilities were successfully running as projected to boost our annual production capacity of seamless pipes, particularly super high-end Oil Country Tubular Goods ("OCTG") such as high-alloy OCTG, by 100,000 tons per year to 1,200,000 tons.

In August this year, we concluded a joint-venture agreement with China Steel Corporation of Taiwan for the construction of a steel sheet mill in Vietnam. The facility will become a production and sales center for cold-rolled, surface-treated and electromagnetic steel sheet for ASEAN countries, which are expected to experience high growth.

To cope with the rapid increase in raw material prices, our steel business is making every effort to reduce costs as well as to improve prices while seeking the understanding from customers.

b) Engineering, electronics and other business

These businesses have continued to select and focus on their core competencies to enhance corporate value.

With regard to qualitative information on consolidated business results for the first quarter of FY 2008, please refer to "Sumitomo Metal Industries, Ltd., Financial Situation and Business Results for the First Quarter of FY 2008 (ending March 31, 2009)" dated July 31, 2008.

2. Qualitative Information on Financial Situation

As of September 30, 2008, total assets were 2,562.2 billion yen, an increase of 143.9 billion yen compared with that of March 31, 2008. Net assets were 983.5 billion yen, an increase of 34.2 billion yen compared with March 31, 2008, and the shareholders' equity ratio was 36.5%. Consolidated debt balance was 910.6 billion yen, an increase of 26.8 billion yen compared with March 31, 2008, as we used the debt proceeds to make investments in plant and equipment as part of our efforts to accelerate our distinctiveness.

3. Qualitative Information on Target of Consolidated Financial Results

With respect to the business environment during the third quarter and beyond, we expect that the global financial crisis triggered by the sub-prime mortgage crisis in the US will have some negative impact on the real economy and demand for steel. The Sumitomo Metals Group has been working to build a business structure that is intended to be more resilient to downside risks by "accelerating distinctiveness" through the policy of "adding strength to strength."

For FY2008, we are targeting net sales to be 2,030.0 billion yen, operating profit to be 280.0 billion yen, recurring profit to be 300.0 billion yen and net income to be 185.0 billion yen. We expect that the profit level will be similar to that of the previous period.

4. Other Information

- (1) Changes in material subsidiaries during the fiscal quarter (Changes in specific subsidiaries affecting the scope of consolidation):

Not applicable.

- (2) Adoption of accounting method which is simplified or is specific to the preparation of quarterly consolidated financial statements:

Simplified accounting method has been adopted as follows:

a) Valuation of inventory

With respect to inventory at the end of the fiscal quarter, we generally do not perform physical inventory but apply a reasonable calculation method derived from the physical inventory performed at the end of the preceding fiscal year.

b) Depreciation of fixed assets

In the event the fixed rate depreciation method is adopted as the depreciation method, we calculate the pro rata amount of depreciation for the fiscal quarter derived from the depreciation amount for the fiscal year.

c) Corporate and other income taxes, deferred tax assets and deferred tax liabilities

- With respect to the recognition of tax returns of corporate and other income taxes, we apply a calculation method, which limits the adjustment items between taxes amount based on the financial statements and taxable amount, and the tax deduction items to material items,
- With respect to judgments on the realizability of deferred tax assets, we apply a calculation method, which relies on financial projections and tax planning used in the financial statements of the preceding fiscal year after confirming that there has been no significant change in both business environment and temporary differences following the end of the preceding fiscal year, or
- With respect to the realizability of deferred tax assets, we base our judgment on items from the financial projections and tax planning used in the financial statements of the preceding fiscal year after reflecting any significant change in business environment and temporary differences if we recognize that there was such significant change following the end of the preceding fiscal year.

(3) Changes in principles, procedures, presentation etc. of accounting method related to the preparation of quarterly consolidated financial statements:

a) Adoption of “Accounting Standard for Quarterly Financial Reporting” and “Implementation Guidance on Accounting Standard for Quarterly Financial Reporting.”

Starting from the current fiscal year, ASBJ Statement No. 12 “Accounting Standard for Quarterly Financial Reporting” and ASBJ Guidance No. 14 “Guidance on Accounting Standard for Quarterly Financial Reporting“ have been implemented. The quarterly consolidated financial statements are prepared in accordance with “The Rules for Quarterly Consolidated Financial Reporting.”

b) Changes in evaluation standards and methods for material assets

Inventory Assets

As for inventory assets held for sale in the course of ordinary business, we had previously calculated asset value mainly based on the weighted average method. Starting from the first quarter of FY 2008, however, in accordance with the implementation of ASBJ Statement No. 9 “Accounting Standard for Inventory Evaluation” (effective July 5, 2006,) the inventory value has been mainly calculated based on weighted average method (book-entry devaluation method based on the decrease in profitability is used with respect to balance sheet values.) As a result, our operating profit, recurring profit and net income for the first half of FY 2008 on a consolidated basis each decreased by 3,245 million yen.

c) Changes in accounting methods for material lease transactions

With regard to finance leases with no transfer of ownership, the Company and its domestic subsidiaries had previously adopted the accounting method based on the method for lease transactions. However, starting from the first quarter of FY 2008, given that the ASBJ Statement No. 13 “Accounting Standard for Lease Transaction” (effective June 17, 2003 (First Committee of Business Accounting Council,) amended March 30, 2007,) ASBJ Guidance No. 16 “Guidance on Accounting Standard for Lease Transaction” (effective January 18, 2004 (The Japanese Institute of Certified Public Accountants, Accounting System Committee,) amended March 30, 2007) have become applicable to quarterly consolidated financial statements for fiscal years starting after April 1, 2008, these accounting principles have been adopted starting from the first quarter of FY 2008 and accounting principles for ordinary sales transactions have been applied. In addition, with respect to the depreciation method on leased assets in connection with financial leases with no transfer of ownership, the straight-line method over the lease period equal to durable year with no residual value has been adopted.

However, with regard to lease transactions with no transfer of ownership which were entered into before April 1, 2008, the Company and its domestic subsidiaries have continued to apply the method for ordinary lease transactions.

The impact on a quarterly consolidated financial statements from these changes is insignificant.

d) Adoption of “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements”

Starting from the first quarter of FY 2008, ASBJ Practical Issues Task Force No. 18 “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements” (effective May 17, 2006) has been adopted.

There is no impact by this change on operating profit, recurrent profit nor net income for the first half before taxes and minority interests for the first half of FY 2008 on a consolidated basis.

5. Consolidated financial statements

(1) Consolidated Balance Sheets

(Million yen)

Items	At the end of Second Quarter of FY2008 (As of September 30, 2008)	Summarized Balance Sheet at the end of FY 2007 (As of March 31, 2008)
(Assets)		
Current assets:		
Cash and deposits	14,689	16,732
Trade notes and accounts receivable	239,376	175,144
Finished products	211,715	190,409
Semi-finished products	43,201	39,369
Raw materials and supplies	251,056	209,023
Other	56,740	47,287
Allowance for bad debts	(298)	(202)
Total current assets	816,482	677,764
Fixed assets:		
Tangible assets:		
Machinery equipment and transportation equipment, net	390,675	393,154
Land	343,788	345,579
Other, net	385,568	367,450
Total tangible assets	1,120,032	1,106,183
Intangible assets	4,930	4,760
Investment and other assets:		
Investments in securities	533,701	580,156
Other	88,178	50,488
Allowance for bad debts	(1,104)	(1,044)
Total investments and other assets	620,775	629,601
Total fixed assets	1,745,738	1,740,545
Total assets	2,562,221	2,418,310
(Liabilities)		
Current liabilities:		
Trade notes and accounts payable	435,688	331,846
Short-term borrowings	212,930	219,964
Income taxes payable	46,542	52,087
Other	139,912	178,005
Total current liabilities	835,073	781,903
Fixed liabilities:		
Bonds	160,649	134,658
Long-term borrowings	511,113	478,765
Accrued pension cost	23,399	24,975
Allowance for special repairs	217	224
Other	48,205	48,479
Total fixed liabilities	743,585	687,103
Total liabilities	1,578,658	1,469,007

(Million yen)

Item	At the end of Second Quarter of FY 2008 (As of September 30, 2008)	Summarized Balance Sheet at the end of FY 2007 (As of March 31, 2008)
(Net Assets)		
Shareholders' equity:		
Capital stock	262,072	262,072
Capital surplus	61,829	61,829
Retained earnings	698,765	630,063
Treasury stock, at cost	(90,466)	(90,210)
Total shareholders' equity	932,201	863,754
Valuation and translation adjustments:		
Unrealized gain (losses) on available-for-sale securities	(4,684)	35,403
Deferred losses on derivatives under hedge accounting	(794)	(1,162)
Land revaluation surplus	11,827	11,561
Foreign currency translation adjustments	(3,096)	(7,611)
Total valuation and translation adjustments	3,252	38,191
Minority interests	48,109	47,356
Total net assets	983,563	949,303
Total liabilities and net assets	2,562,221	2,418,310

(2) Consolidated Statements of Income

(First Half of FY 2008 (April 1, 2008 – September 30, 2008))

(Million yen)

Items	First Half of FY 2008 (April 1, 2008 - September 30, 2008)
Net Sales	981,306
Cost of sales	780,304
Gross profit	201,001
Selling, general and administrative expenses	70,258
Operating profit	130,742
Non operating income:	
Equity in earnings of unconsolidated subsidiaries and associated companies	24,231
Other non operating income	14,538
Total non operating income	38,770
Non operating expenses:	
Interest expense	7,189
Other non operating expenses	10,614
Total non operating expenses	17,804
Recurring profit	151,709
Income before income taxes and minority interests	151,709
Income taxes:	
Current	49,825
Deferred	7,300
Total income taxes	57,126
Minority interests	2,492
Net income	92,090

(Second Quarter of FY 2008 (July 1, 2008 – September 30, 2008))

(Million yen)

Items	Second Quarter of FY 2008 (July 1, 2008 - September 30, 2008)
Net Sales	529,065
Cost of sales	424,275
Gross profit	104,790
Selling, general and administrative expenses	36,165
Operating profit	68,625
Non operating income:	
Equity in earnings of unconsolidated subsidiaries and associated companies	14,098
Other non operating income	5,259
Total non operating income	19,358
Non operating expenses:	
Interest expense	3,342
Other non operating expenses	7,398
Total non operating expenses	10,740
Recurring profit	77,243
Income before income taxes and minority interests	77,243
Income taxes:	
Current	27,178
Deferred	292
Total income taxes	27,470
Minority interests	1,175
Net income	48,596

(3) Consolidated Statement of Cash Flows

(Million yen)

	First Half of FY 2008 (April 1, 2008 - September 30, 2008)
Operating activities:	
Income before income taxes and minority interests	151,709
Adjustments for:	
Depreciation and amortization	53,838
Equity in (earnings) losses of unconsolidated subsidiaries and associated companies	(24,231)
(Increase) decrease in trade notes and accounts receivable	(66,740)
(Increase) decrease in inventories	(69,556)
Increase (decrease) of trade notes and accounts payable	105,184
Other, net	(2,875)
Subtotal	147,328
Income taxes paid	(55,084)
Net cash provided by operating activities	92,244
Investing activities:	
Acquisition of property, plant and equipment and other assets	(95,332)
Other, net	1,822
Net cash used in investing activities	(93,509)
Financing activities:	
Increase (decrease) in short-term borrowings, net	1,748
Increase (decrease) in commercial paper	(17,000)
Proceeds from long-term debt	54,816
Repayments of long-term debt	(31,191)
Proceeds from issuances of bonds	39,988
Repayments of bonds	(21,500)
Dividends paid	(23,195)
Other, net	(4,769)
Net cash used in financial activities	(1,103)
Foreign currency translation adjustments on cash and cash equivalents	221
Net increase (decrease) in cash and cash equivalents	(2,147)
Cash and cash equivalents at beginning of year	16,669
Cash and cash equivalents increase (decrease) by change of consolidated subsidiaries	82
Cash and cash equivalent increase (decrease) by merger of consolidated subsidiaries	7
Cash and cash equivalents at end of period	14,612

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

(5) Segment Information

a) Segment information by business sector

Second Quarter of FY 2008 (July 1, 2008 - September 30, 2008)

(Million yen)

	Steel	Engineering	Electronics	Other	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 profit (loss)	69,259	(373)	(301)	180	68,765	(139)	68,625

First Half of FY 2008 (April 1, 2008 - September 30, 2008)

(Million yen)

	Steel	Engineering	Electronics	Other	Total	Corporate or eliminations	Consolidated
Sales to customers	924,277	5,186	29,594	22,247	981,306	-	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 profit (loss)	133,087	(534)	(197)	(1,447)	130,908	(165)	130,742

(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 as well as operational structure of each internal company within our internal company system.

2 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.
	Other	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.
Engineering	Steel bridge, materials for civil engineering etc.	
Electronics	IC packages, electronic modules etc.	
Other	Lease and sale of real estate, research and testing specializing in materials analysis and evaluation etc.	

b) Segment information by location

For the second quarter of FY 2008 (July 1, 2008 - September 30, 2008) and the first half of FY 2008 (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.

c) Overseas sales

Second Quarter of FY 2008 (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

First Half of FY 2008 (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

(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.

Supplementary Information on Financial Results for First Quarter of FY 2008

1. Japan crude steel production

(Million tons)

			1 st half			2 nd half	Total
	1 st quarter	2 nd quarter		3 rd quarter	4 th quarter		
FY 2006	29	29	58	30	30	60	118
FY 2007	30	30	60	31	31	62	122
FY 2008 (Forecast)	31	30	61	-	-	59(approx.)	120(approx.)

2. Sumitomo Metals' crude steel production (including Sumitomo Metals (Kokura), Ltd., Sumitomo Metals (Naoetsu), Ltd. and Sumikin Iron & Steel Corporation)

(Million tons)

			1 st half			2 nd half	Total
	1 st quarter	2 nd quarter		3 rd quarter	4 th quarter		
FY 2006	3.29	3.38	6.67	3.34	3.37	6.71	13.38
FY 2007	3.21	3.40	6.61	3.52	3.49	7.01	13.62
FY 2008 (Target)	3.50	3.54	7.04	-	-	6.95(approx.)	14.00(approx.)

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

(Value basis %)

			1 st half			2 nd half	Total
	1 st quarter	2 nd quarter		3 rd quarter	4 th quarter		
FY 2006	46	46	46	46	47	47	46
FY 2007	46	46	46	44	44	44	45
FY 2008 (Target)	44	44	44	-	-	44(approx.)	44(approx.)

4. Foreign exchange rate

(Yen/US\$)

			1 st half			2 nd half	Total
	1 st quarter	2 nd quarter		3 rd quarter	4 th quarter		
FY 2006	114	116	115	118	120	119	117
FY 2007	121	118	119	114	105	109	114
FY 2008 (Assumption)	105	108	106	-	-	100(approx.)	103(approx.)

5. Consolidated exposure to foreign exchange fluctuations

FY 2007	FY 2008 forecast
Excess receipt of approx. 1.6 billion US\$ per year	Receipt and payment will be balanced

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

(Thousand yen/ton)

	FY 2008			FY 2007			Total
	1 st quarter	2 nd quarter	1 st half	3 rd quarter	4 th quarter	2 nd half	
FY 2006	95.5	97.9	96.7	100.1	106.2	103.2	100.0
FY 2007	102.3	108.8	105.6	107.3	104.3	105.8	105.7
FY 2008 (Target)	110.1	126.9	118.6	-	-	128(approx.)	123(approx.)

7. FY 2008 target for non-consolidated figures

(Billion yen)

	FY 2008		FY 2008 Previous target for full year
	Result for first half	Target for full year	
Sales	648.2	1,350.0(approx.)	1,340.0(approx.)
Operating profit	94.0	200.0(approx.)	145.0(approx.)
Recurring profit	113.4	215.0(approx.)	160.0(approx.)
Net income	76.2	135.0(approx.)	100.0(approx.)

8. Consolidated segment information

(Billion yen)

	Result for first half of FY 2008		Target for FY 2008	
	Sales	Operating profits (losses)	Sales	Operating profits (losses)
Steel	924.2	133.0	1,920.0(approx.)	281.0(approx.)
Engineering	5.1	(0.5)	10.0(approx.)	(1.0)(approx.)
Electronics	29.5	(0.1)	55.0(approx.)	(1.0)(approx.)
Other	22.2	(1.6)	45.0(approx.)	1.0(approx.)

<Sales by internal steel segment companies on consolidated basis>

(Billion yen)

	FY 2008	
	Result for first half	Target for full year
Steel sheet, plate & structural steel company	369.8	775.0(approx.)
Pipe and tube company	369.3	770.0(approx.)
Railway, automotive & Machinery parts company	55.6	115.0(approx.)
Sumitomo Metals(Kokura)	89.2	185.0(approx.)

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

(Billion yen)

	March, 2008	September, 2008	Target March, 2009
Consolidated	883.8	910.6	985.0(approx.)
Non consolidated	800.4	827.0	905.0(approx.)

10. Analysis of consolidated recurring profit (First half of FY 2008 ← First half of FY 2007)

-Foreign exchange (TTM) assumption:

106 Yen/US\$ (First half of FY 2008) ← 119 Yen/US\$ (First half of FY 2007)

(Billion yen)

	First half of FY 2008	First half of FY 2007	Increase/(Decrease)
Consolidated recurring profit	151.7	152.7	(1.0)

Positive impact		Negative impact	
Cost improvement	15.0	Raw materials	(180.0)
Profit from valuation	17.0	Fixed costs	(5.5)
Absence of replacement of blast furnace	5.0		
Equity in earnings of unconsolidated subsidiaries	3.0		
Improvement in sales prices, structure etc	144.5		
Total	184.5	Total	(185.5)
Difference: (1.0)			