

Sumitomo Metal Industries, Ltd.

Financial Results for FY2008 (year ended March 31, 2009)

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
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(Figures less than a million yen are truncated.)

1. Highlights of Consolidated Financial Results for FY2008 (year ended March 31, 2009)

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

	Net Sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY 2008	1,844,422	5.7	226,052	-17.6	225,736	-24.3	97,327	-46.1
FY 2007	1,744,572	8.9	274,396	-9.7	298,218	-9.0	180,547	-20.4

	Net income per share	Diluted net income per share	ROE (Net income /Shareholders' equity)	ROA (Ordinary income/Total assets)	ROS Operating income/Net Sales
	Yen	Yen	%	%	%
FY 2008	20.98	-	11.1	9.3	12.3
FY 2007	39.43	-	20.3	12.6	15.7

(Note) Equity in earnings of non-consolidated affiliates: FY2008 22,179 Million yen; FY2007 41,919 Million yen

(2) Consolidated Balance Sheets

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY 2008	2,452,535	904,371	35.0	184.92
FY 2007	2,418,310	949,303	37.3	194.43

(Note) Shareholders' Equity: FY2008 857,697 Million yen; FY2007 901,946 Million yen

(3) Consolidated Statements of Cash Flows

	Net Cash provided by operating activities	Net Cash used in investing activities	Net Cash provided by financing activities	Cash and cash equivalents at end of year
	Million yen	Million yen	Million yen	Million yen
FY 2008	190,582	(214,977)	52,623	42,979
FY 2007	230,043	(274,316)	48,751	16,669

2. Dividends

	Dividend per share					Dividend amount (full-year)	Dividend payout ratio (consolidated)	Dividend per net assets (consolidated)
	End of 1 st quarter	End of 2 nd quarter	End of 3 rd quarter	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FY 2007	-	5.00	-	5.00	10.00	45,910	25.4	5.2
FY 2008	-	5.00	-	5.00	10.00	46,382	47.7	5.3
FY2009(target)	-	2.50	-	2.50~	5.00~		-	

(Note) The targeted dividend per share for FY 2009 is 5 yen or more for the full year, including 2.50 yen for an interim dividend.

3. Projected Consolidated Financial Performance for FY2009 (year ending March 31, 2010)
(%: 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
1 st Half ending Sept. 30, 2009	620,000	-36.8	(10,000)	-	(30,000)	-	(35,000)	-	(7.55)
Yearly total	1,370,000	-25.7	30,000	-86.7	0	-100.0	(20,000)	-	(4.31)

4. Other

(1) Changes in material subsidiaries during the current period (Changes in specific subsidiaries affecting the scope of consolidation): None

(2) Changes in the principle/procedure of accounting method and presentation, etc. related to the preparation of 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)

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

(ii) Changes other than (i): Yes

(3) Number of issued shares (common stock)

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

FY 2008: 4,805,974,238 shares

FY 2007: 4,805,974,238 shares

(b) Number of treasury shares at year end

FY 2008: 167,882,514 shares

FY 2007: 167,067,695 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) Analysis of business performance" in "1. Business performance" on page 4 to 8 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.

1. Business performance

(1) Analysis of business performance

(a) Business performance during the current period

【Current period business environment】

Sumitomo Metals Group's business environment drastically changed during the fourth quarter of the current fiscal year (from April 1, 2008 to March 31, 2009). During the first three quarters of the fiscal year there was steady demand for steel products in both the domestic and international markets, particularly in the automotive and energy sectors - areas the Sumitomo Metals Group is emphasizing as its core businesses. Meanwhile, raw material costs increased significantly due to a surge in prices of raw materials such as iron ore and coal.

During the fourth quarter of the current fiscal year, steel demand, particularly in the automotive and electronics sectors, decreased sharply due to the decline in the global economy stemming from the financial crisis in the United States. However, there was steady demand for high-quality products in the energy sector, such as seamless pipe, and for rolling stock components, where Sumitomo Metals Group is highly competitive.

【Current period business results】

To counter the significantly higher costs of raw materials, we have made every effort to achieve across-the-board cost reductions and to improve prices, while seeking the understanding of our customers. As a result, our Group's ordinary income on a consolidated basis as of the end of the third quarter of the current fiscal year was at the same level as that of the previous fiscal year. Business performance for the fourth quarter, however, deteriorated as a result of a huge decline in sales volume due to a drop of steel demand, particularly in the automotive and electronics sectors, during the fourth quarter of the current fiscal year. As a result, our Group's business performance on a consolidated basis for the current fiscal year was 1,844.4 billion yen in net sales, 226.0 billion yen in operating income, 225.7 billion yen in ordinary income and 97.3 billion yen in net income.

Business Performance on a Consolidated Basis

(Billion yen)

	FY2007	FY2008	Increase/(Decrease)	
			Amount	Percentage
Net sales	1,744.5	1,844.4	99.8	5.7%
Operating profit	274.3	226.0	(48.3)	(17.6%)
Ordinary income	298.2	225.7	(72.4)	(24.3%)
Net income	180.5	97.3	(83.2)	(46.1%)

(Yen per US Dollar)

Foreign Exchange Rate	114	101	-	-
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【Performance by segment】

(Billion yen)

	Net sales	* Increase/ (Decrease)	Operating profit	* Increase/ (Decrease)
** Steel Segment	1,740.7	7.3%	230.8	(14.2%)
Pipe & Tube	716.9	6.3%		
Steel Sheet & Plate	700.1	11.3%		
Railway & Automotive	105.4	2.3%		
Kokura	148.0	(4.2%)		
Naoetsu	41.3	43.1%		
Others	28.8	(10.7%)		
Engineering Segment	11.6	(24.1%)	(0.2)	-
Electronics Segment	45.3	(26.4%)	(4.6)	-
Others	46.5	3.1%	0.0	(98.6%)
Corporate or eliminations	-	-	(0.0)	-
Total	1,844.4	5.7%	226.0	(17.6%)

* Percentage compared with the previous period.

** Pipe & Tube: Pipe & Tube Company

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.

【Business measures in the current period】

Our Group is steadily implementing investment plans and business measures to enhance our corporate value in medium- and long-term by adhering to our strategies of “accelerating distinctiveness” and “adding strength to strong areas”. We have reduced production to cope with the drastic decline in steel demand during the fourth quarter of the current fiscal year. Under our strategies to enhance our corporate value in the medium- and long-term, we are investing in plant and equipment at the Wakayama Steel Works to achieve an annual production capacity of 5 million tons of crude steel at the Works. The new No.1 blast furnace is scheduled to start operations in July 2009. Our Group participated in the equity of Nacional Minerios S.A., a Brazilian iron ore mining company, through an investor group which consists of Sumitomo Metals, ITOCHU Corporation, JFE Steel Corporation, Nippon Steel Corporation, Kobe Steel, Ltd., Nisshin Steel Co., Ltd. and Korean steel producer POSCO.

The Pipe & Tube Company completed its work at Wakayama Steel Works and Amagasaki Steel Tube Works to expand our capacity to produce high-end seamless pipes used in the exploration of oil and natural gas. Amagasaki Steel Tube Works, in response to increased demand for steam generator tubes used in advanced nuclear power plants that will help reduce carbon dioxide emissions, has also made investments to increase its productive capacity. At Kashima Steel Works, construction is underway to increase our capacity to produce ultra-high-strength line pipe which is scheduled to start operation in March 2011.

In February 2009, together with Vallourec of France, we merged two companies: VAM USA Company (our joint venture with the Vallourec group and Sumitomo Corporation) and Atlas Bradford LLC, to enhance our competitiveness in premium joints for high-end seamless pipe used in the exploration of oil and natural gas. At the same time, Sumitomo Metals reached an agreement with Vallourec for mutual equity investments to deepen our cooperative relationship. The construction of an integrated steel plant to produce seamless pipe in Brazil, a joint project with the Vallourec group, has been proceeding as scheduled and the plant is expected to commence operation in 2010.

The Company also reached an agreement with Nippon Steel Corporation to integrate our two companies' arc-welded stainless steel pipe and tube businesses in order to leverage the

strengths of each party and to achieve greater competitiveness.

The Steel Sheet, Plate & Structural Steel Company has collaborated with its business partners to expand its steel sheet business in the emerging foreign markets that are expected to grow in the medium- and long-term. Sumitomo Metals concluded agreement with China Steel Corporation to establish steel sheet joint venture in Vietnam. The plant is expected to commence operations at the beginning of 2012 to support the production and sales of cold-rolled steel sheet, electromagnetic steel sheet and hot-dip galvanized steel sheet. In India, the Company is participating in an integrated steel works construction project of Bhushan Steel Limited and providing technical assistances.

At the Railway, Automotive & Machinery Parts Company, the Osaka Steel Works completed an investment project to expand its capacity to produce railway wheels by 20 percent to 240 thousand units per annum. The Company, together with Sumitomo Corporation, advanced its forged crankshaft business by acquiring Norton Manufacturing Company Inc., a crankshaft machining company in the United States. International Crankshaft Inc., our joint venture of forged crankshaft in the United States, started operation of its new No.3 forging press line.

Sumitomo Metals (Kokura), Ltd., our manufacturer of specialty steel bars and wire rods, is currently implementing a project to introduce new plant and equipment that will innovate its steel-making process, including a refining furnace and continuous casting mill. The new plant is expected to come on stream in August 2010, to accelerate the distinctiveness of our Company from our competitors. Sumitomo Metals (Kokura), Ltd. is also proceeding with a renewal of finishing roll equipment for steel bars, to enhance its competitiveness in this sector.

Our engineering business, electronics business and other sectors are reorganizing their businesses in line with Sumitomo Metals Group's intention to focus its resources on its core competencies, and enhance its corporate value. In March 2009, the Company concluded an agreement with Yokogawa Bridge Holdings Corporation to form a joint venture in bridge construction business.

The following table summarizes these business strategies.

(Billion yen)

Segment	Target	Details	Investment Amount	Timeline
Iron & Steel-making Process	An annual capacity of 5 million tons at Wakayama Steel Works	1 st step <Construction of a new No.1 blast furnace, etc. included in the project>	160.0 <118.0>	Scheduled to begin operation in July, 2009
		2 nd step (Construction of a new No.2 blast furnace, reinforcement of steel making facilities, etc.)	115.0	Scheduled to begin operation in second half of FY 2012
Raw Materials	Acquisition of interest in an iron ore mining operation	Equity participation in Nacional Minerios S.A. in Brazil	19.1	Participated in Dec., 2008
Pipe & Tube	Expand production capacity of super high-end seamless pipe products	Capacity improvement of new pipe-production mill and secondary line	35.0	Scheduled to begin operation in July, 2008
	Expand production capacity of steam generator tubes for nuclear power plants	Remodeling of a production line, capacity increase of packaging equipment	2.3	Started operation in Oct., 2008

	Enhance competitiveness of seamless pipe premium joint business	Merged VAM USA, (a joint venture for the manufacture of premium joints) with Atlas Bradford	8.0	Merged in Feb., 2009
	Deepen cooperative relationship with Vallourec	Mutual equity investments with Vallourec	12.0	Scheduled to complete by the end of Dec., 2009
	Establish a manufacturing hub for seamless pipe in Brazil	Establishment of a joint venture with Vallourec Group for integrated seamless pipe manufacturing	*200.0	Scheduled to begin operation in 2010
	Expand production capacity of ultra-high-strength line pipes	Equipment improvement at the plate mill and large-diameter (UOE) pipe mill	10.0	Scheduled to begin operation in Mar., 2011
Steel Sheet, Plate & Structural Steel	Strengthen relationship with a partner in the steel sheet sector in India	Participation in an integrated steel works project of Bhushan Steel Limited in India	(Technical Assistance)	—
	Establish manufacturing hub of steel sheet in Vietnam	Establishment of a joint venture for production and sales of cold-rolled steel sheet, electromagnetic steel sheet and hot-dip galvanized steel sheet with China Steel	*115.0	Scheduled to begin operation in the beginning of 2012
Railway, Automotive & Machinery Parts	Expand capacity to produce railway wheels	Renovation of heat treatment furnace (Increase in production capacity from 200 thousand to 240 thousand units per year)	2.0	Started operation in April, 2008
	Enter the crankshaft machining business	Acquisition, with Sumitomo Corporation, of a crankshaft machining company, Norton Manufacturing Company Inc., in the U.S.	1.5	Completed in Nov., 2008
	Expand forged crankshaft business in North America	Introduction of 3 rd forging line at International Crankshaft Inc.	4.5	Started operation in Jan., 2009
Specialty Steel	Enhance competitiveness of steel bars at Sumitomo Metals (Kokura), Ltd.	Renewal of finishing roll equipment for steel bars	2.0	Scheduled to start operation in Aug., 2009
	Achieve steel-making process innovation at Sumitomo Metals (Kokura), Ltd.	Introduction of new refining furnace, continuous casting mill and other facilities	27.0	Scheduled to start operation in Aug., 2010

*Total investment amount with joint venture partners.

(b) Projected performance for the following period (consolidated)

(Billion yen)

	FY2007	FY2008	Increase/(Decrease)	
			Amount	Percentage
Net sales	1,844.4	1,370.0	(474.4)	(25.7%)
Operating income	226.0	30.0	(196.0)	(86.7%)
Ordinary income	225.7	0	(225.7)	(100.0%)
Net income	97.3	(20.0)	(117.3)	-

In FY 2009, the severe business environment is expected to continue. Our Group will make every effort to achieve further cost reductions, as well as to keep the range of our steel price declines, expected as a result of decline in steel demand, within the range of our raw material purchasing price declines. However, some products to be sold based on spot market prices are expected to suffer worse price falls. We anticipate a temporary, negative impact from inventory devaluation due to decline in raw material prices. Under these circumstances, we expect our business performance on a consolidated basis for FY2009 to be 1,370 billion yen in net sales, 30 billion yen in operating income, zero in ordinary income and negative 20 billion yen in net income.

(2) Analysis of financial situation

(i) Assets, liabilities and net assets (consolidated)

Total assets, as of the end of the current period, were 2,452.5 billion yen with an increase of 34.2 billion yen compared with the end of the previous period mainly due to an increase in property, plant and equipment as a result of implementing capital expenditures to “accelerate distinctiveness”. Liabilities totaled 1,548.1 billion yen with an increase of 79.1 billion yen, due to reasons such as an increase in debt (990.0 billion yen with a 106.1 billion yen increase) as a result of an increase in investments.

Net assets at the end of the current period were 904.3 billion yen, a decrease of 44.9 billion yen from the previous period.

(ii) Cash Flows (consolidated)

Net cash provided by operating activities was 190.5 billion yen in the current period, which was 39.4 billion less than the previous period, due to reasons such as a decrease in income before income taxes and minority interests affected by a global recession during the fourth quarter of the current fiscal year.

Net cash used in investing activities was 214.9 billion yen in the current period, which was 59.3 billion yen less than the previous period. The reason for this decrease is due to reasons such as investments in securities in the current period decreasing from the previous period.

Net cash provided by financial activities in the current period totaled 52.6 billion yen, which was a 3.8 billion yen increase from the previous period.

As a result, the amount of cash and cash equivalents at the end of the current period increased by 26.3 billion yen to 42.9 billion yen.

	FY2005	FY2006	FY2007	FY2008
Equity ratio	34.1%	38.3%	37.3%	35.0%
Equity ratio on a market value basis	114.8%	127.2%	75.1%	38.6%
Cash flows / debt ratio	2.2	4.4	4.0	5.4
Interest coverage ratio	24.8	14.9	16.7	13.3

Equity ratio: Shareholders' equity / Total assets

Equity ratio on a market value basis: Total market value of shares / Total assets

Cash flows / debt ratio: Debt / (Operating cash flows - Interest payments)

Interest coverage ratio: Operating cash flows / Interest payments

- * All figures are calculated on a consolidated basis.
- * "Debt" means net debt, i.e., the total of outstanding borrowing, corporate bonds and commercial paper minus cash and deposits.
- * "Operating cash flows" is "net cash provided by operating activities" of the consolidated statements of cash flows. "Interest payments" is "interest paid" of the consolidated statements of cash flows.

(3) Basic policy regarding distribution of profits; dividend payouts in the current and following period

The Sumitomo Metals Group intends to maximize its corporate value through sustainable growth with the optimum balance between quality and scale.

Cash generated by our business will first be used in investments aimed to increase corporate value. Our investment strategy calls for investments that are designed to help accelerate distinctiveness and bring cash returns in excess of the cost of capital to contribute to increase our corporate value. We will pass on appropriate returns to our shareholders and all stakeholders. Our basic dividend policy is to produce a steady dividend. Our medium- and long-term targeted D/E ratio is below 1.0.

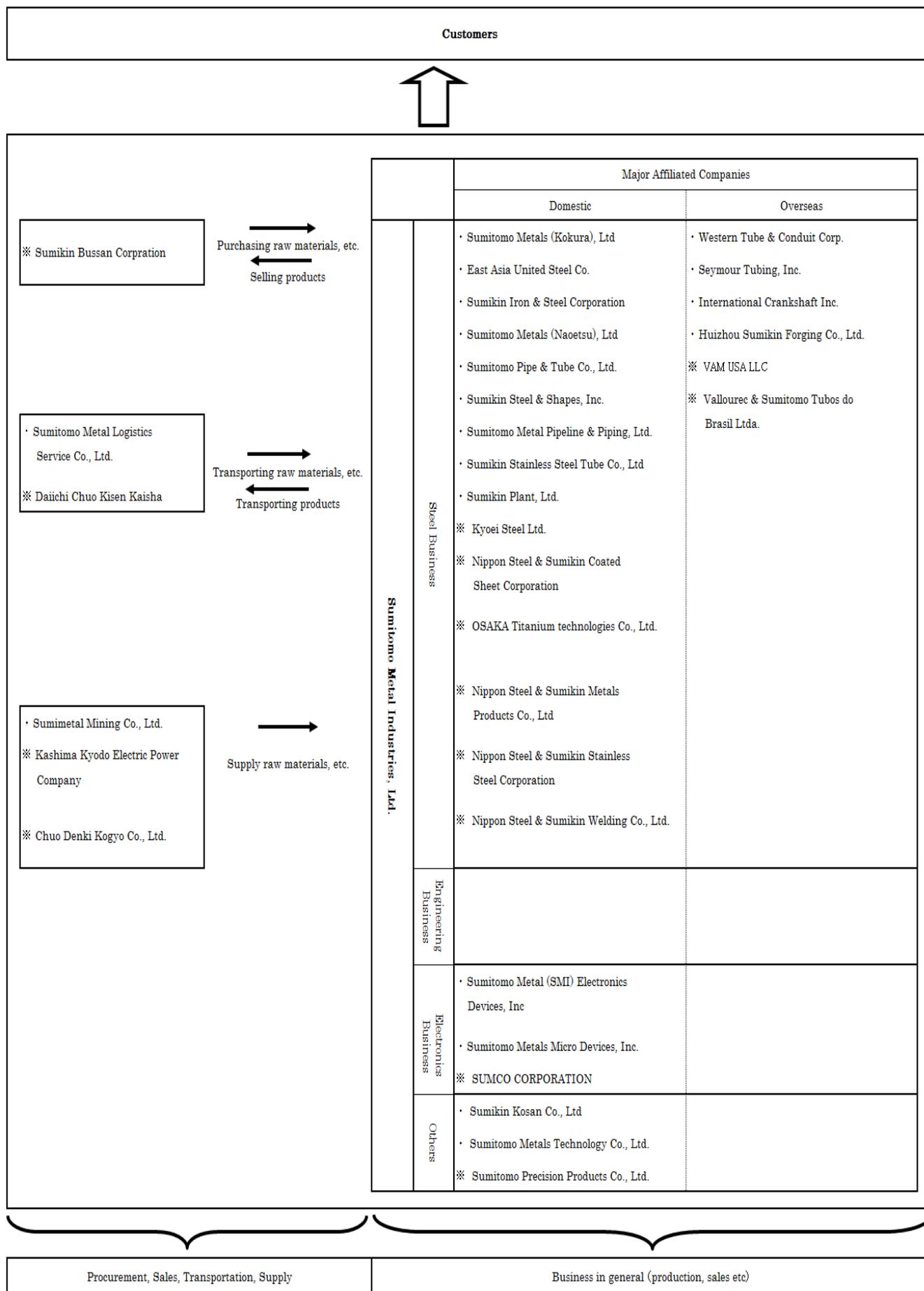
We expect to make a year-end dividend of 5 yen per share, bringing the total cash dividend for the full fiscal year, including the interim dividend payment already made earlier in the current fiscal year, to 10 yen per share.

Under our policy to continue stable dividend payment, our targeted dividend for the following fiscal year is 2.5 yen per share for interim dividend and 5 yen per share or more for the full year, taking into consideration the difficult situation of the economy and the unclear forecast for the recovery of the economy.

We will make an announcement on a dividend forecast for the following period once we determine the amount.

Note: D/E ratio = Debt / Shareholders' equity

2. Current status of Sumitomo Metals Group



(Remark) Company marked · : Consolidated subsidiaries
 Company marked ※: Related affiliate to which the entity method is applicable

3. Management policy

(1) The Company's basic management policy

The Sumitomo Metals Group announced its Medium-Term Business Plan (2006-2008) in April 2006 to guide its corporate management. The basic policy of the Plan is to maximize corporate value through steady growth with an emphasis on both quality and scale. Based on this policy, the Sumitomo Metals Group, adhering to the Sumitomo business philosophy, history and business experience refined over 400 years and epitomized by the words "Placing prime importance on integrity and sound management", as well as inheriting over a century of Sumitomo Metals' manufacturing history, is making efforts to appropriately manage and operate in an uncertain business environment. Based on this approach, the Sumitomo Metals Group will seek to become a company trusted by its shareholders and all stakeholders alike.

(2) Medium- and Long-term company business strategy

The Sumitomo Metals Group's medium- and long-term strategy is to "accelerate distinctiveness" and "add strength to strong areas" to create an earnings structure resilient to downside risk. Our Group is steadily implementing investment plans and business measures to enhance our corporate value by adhering to our medium- and long-term strategies, while reducing production to cope with a drastic decline in steel demand during the fourth quarter of the current fiscal year. To promote this business strategy, we believe it is essential that we continue to enhance our "intangible assets" that do not appear on our financial statements. Examples of these "intangible assets" are our world-leading technology, our relationship of trust built through businesses with our customers, and the pride and commitment of our employees to their work.

(3) Issues that our company must deal with

The business environment in FY 2009 is severe, and we assume that the conditions will continue for the time being. In the medium- and long-term, however, we believe that global steel demand will increase; therefore, we are steadily implementing investment plans and business measures to enhance our corporate value by adhering to our medium- and long-term strategies.

In order to cope with this severe business environment, we will continue to strive to achieve further cost reductions and effective operation even under low operation ratios, and we aim to enhance our financial stability by controlling cash expenditures. At the same time, we will emphasize the maintenance of equipment, trials for development using working equipment and the education of employees, that is difficult to conduct during busy times.

The global environment is a crucial issue. The global movement to try to overcome the current economic crisis by the leverage of investments for global environmental protection has begun. Our Group will contribute to this movement through our technology and products. We believe it is important to contribute to CO₂ emission reductions through our products as well as reducing CO₂ emissions in our manufacturing process. At our Brazilian blast furnace integrated seamless steel pipe plant, the plant is planning to change the reducing agents in the blast furnace from coke to charcoal made from eucalyptus trees to enable far greater control of CO₂ emissions. Going forward, we will continue to enhance our corporate value and contribute to society through management that gives careful consideration to the global environment.

4. Consolidated financial statements
 (1) Consolidated Balance Sheets

(Million yen)

Items	At the end of FY 2008 (As of March 31, 2009)	At the end of FY2007 (As of March 31, 2008)
(Assets)		
Current assets:		
Cash and deposits	41,056	16,732
Notes and accounts receivable-trade	135,804	175,144
Inventories	-	438,802
Merchandise and finished goods	208,713	-
Work in process	37,278	-
Raw materials and supplies	264,257	-
Deferred tax assets	18,762	18,965
Other	32,576	28,322
Allowance for doubtful accounts	(1,087)	(202)
Total current assets	737,362	677,764
Noncurrent assets:		
Property, plant and equipment:		
Buildings	732,565	718,274
Accumulated depreciation	(485,500)	(469,936)
Buildings, net	247,065	248,337
Machinery, equipment and vehicles:	2,142,288	2,095,604
Accumulated depreciation	(1,762,482)	(1,702,450)
Machinery, equipment and vehicles, net	379,805	393,154
Land	341,477	345,579
Construction in progress	153,098	106,721
Other	76,963	74,825
Accumulated depreciation	(65,203)	(62,433)
Other, net	11,759	12,391
Total property, plant and equipment	1,133,207	1,106,183
Intangible assets		
Goodwill	381	1
Other	4,845	4,758
Total intangible assets	5,226	4,760
Investment and other assets:		
Investment securities	483,001	580,156
Deferred tax assets	42,519	9,321
Other	51,475	41,167
Allowance for doubtful accounts	(258)	(1,044)
Total investments and other assets	576,738	629,601
Total noncurrent assets	1,715,172	1,740,545
Total assets	2,452,535	2,418,310

(1) Consolidated Balance Sheets (Continued)

(Million yen)

Items	At the end of FY 2008 (As of March 31, 2009)	At the end of FY2007 (As of March 31, 2008)
(Liabilities)		
Current liabilities:		
Notes and accounts payable-trade	313,706	331,846
Short-term loans payable	237,323	219,964
Commercial papers	-	19,000
Current portion of bonds	24,000	31,500
Income taxes payable	36,841	52,087
Deferred tax liabilities	275	201
Other	131,821	127,303
Total current liabilities	743,969	781,903
Noncurrent liabilities:		
Bonds payable	160,652	134,658
Long-term loans payable	568,035	478,765
Lease obligations	26,516	-
Deferred tax liabilities	4,505	7,848
Deferred tax assets regarding revaluation	6,919	6,976
Provision for retirement benefits	22,510	24,975
Provision for special repairs	225	224
Other	14,829	33,654
Total noncurrent liabilities	804,194	687,103
Total liabilities	1,548,163	1,469,007
(Net Assets)		
Shareholders' equity:		
Capital stock	262,072	262,072
Capital surplus	61,829	61,829
Retained earnings	680,807	630,063
Treasury stock	(90,528)	(90,210)
Total shareholders' equity	914,180	863,754
Valuation and translation adjustments:		
Valuation difference on available-for sale securities	(41,542)	35,403
Deferred gains or losses on hedges	(690)	(1,162)
Revaluation reserve for land	11,833	11,561
Foreign currency translation adjustment	(26,083)	(7,611)
Total valuation and translation adjustment	(56,483)	38,191
Minority interests	46,674	47,356
Total net assets	904,371	949,303
Total liabilities and net assets	2,452,535	2,418,310

(2) Consolidated Statements of Income

(Million yen)

Items	FY 2008 (April 1, 2008 - March 31, 2009)	FY 2007 (April 1, 2007 - March 31, 2008)
Net Sales	1,844,422	1,744,572
Cost of sales	1,481,158	1,329,563
Gross profit	363,264	415,009
Selling, general and administrative expenses:		
Shipment expenses	41,622	47,327
Employees' salaries and allowances	39,773	38,892
Research and development expenses	20,342	19,903
Other	35,473	34,488
Total selling, general and administrative expenses	137,211	140,612
Operating income	226,052	274,396
Non-operating income:		
Interest income	1,355	1,310
Dividends income	7,783	5,262
Equity in earnings of affiliates	22,179	41,919
Other	15,662	14,282
Total non-operating income	46,981	62,775
Non-operating expenses:		
Interest expenses	14,577	13,466
Foreign exchange losses	5,797	-
Loss on sales and retirement of noncurrent assets	8,363	-
Dismantlement expenses	-	6,943
Other	18,558	18,543
Total non-operating expenses	47,297	38,954
Ordinary income	225,736	298,218
Extraordinary income:		
Gain on sales of investment securities	-	6,903
Total extraordinary income:	-	6,903
Extraordinary loss:		
Impairment loss	11,144	6,438
Loss on valuation of investment securities	16,776	-
Environmental expenses	3,355	-
Loss on sales and retirement of noncurrent assets	-	11,185
Loss on warranties for completed construction	-	6,200
Total extraordinary loss	31,276	23,823
Income before income taxes and minority interests	194,459	281,298
Income taxes:		
Income taxes-current	82,038	88,054
Income taxes-deferred	12,838	8,365
Total income taxes	94,877	96,420
Minority interests in income	2,254	4,330
Net income	97,327	180,547

(3) Statements of changes in net assets

(Note) The table “Statements of changes in net assets” is not translated in English. Please refer to our original Japanese document.

(4) Consolidated Statement of Cash Flows

(Million yen)

	FY 2008 (April 1, 2008 - March 31, 2009)	FY 2007 (April 1, 2007 - March 31, 2008)
Operating activities:		
Income before income taxes and minority interests	194,459	281,298
Depreciation and amortization	110,896	103,620
Increase (decrease) in allowance for doubtful accounts	845	94
Increase (decrease) in provision for retirement benefits	(2,477)	(2,966)
Increase (decrease) in provision for special repairs	1	(4,035)
Interest income and dividend income	(9,138)	(6,573)
Interest expenses	14,577	13,466
Equity in (earnings) losses of affiliates	(22,179)	(41,919)
Impairment loss	11,144	6,438
Loss (gain) on valuation of investment securities	16,776	-
Environmental expenses	3,355	-
Loss (gain) on sales and retirement of noncurrent assets	-	11,185
Loss (gain) on sales of investment securities	-	(6,903)
Loss for warranties for completed construction	-	6,200
Decrease (increase) in notes and accounts receivable-trade	35,192	40,019
Decrease (increase) in inventories	(77,950)	(52,552)
Increase (decrease) in notes and accounts payable-trade	(14,780)	798
Other	26,120	(21,254)
Subtotal	286,843	326,915
Income taxes paid	(96,260)	(96,871)
Net cash provided by (used in) operating activities	190,582	230,043
Investing activities:		
Interest and dividends income received	23,836	16,186
Purchase of investment securities	(48,864)	(156,625)
Proceeds from sales of investment securities	-	8,971
Payments for investments in capital	(15,793)	(6,930)
Purchase of property, plant and equipment and intangible assets	(177,685)	(166,199)
Proceeds from sales of property, plant and equipment and intangible assets	-	16,206
Payments of loans receivable	(3,461)	(4,846)
Collection of loans receivable	8,801	18,600
Other	(1,809)	320
Net cash provided by (used in) investment activities	(214,977)	(274,316)

(4) Consolidated Statement of Cash Flows (Continued)

(Million yen)

	FY 2008 (April 1, 2008 - March 31, 2009)	FY 2007 (April 1, 2007 - March 31, 2008)
Financing activities:		
Interest expenses paid	(14,352)	(13,787)
Net increase (decrease) in short-term loans payable	(3,707)	25,127
Increase (decrease) in commercial papers	(19,000)	19,000
Proceeds from long-term loans payable	159,660	191,562
Repayments of long-term loans payable	(49,855)	(106,652)
Proceeds from issuance of bonds	49,988	45,000
Redemption of bonds	(31,500)	(15,000)
Proceeds from sales and lease back arrangement	18,298	-
Repayments of finance lease obligations	(9,234)	(21,079)
Proceeds from stock issuance to minority shareholders	-	134
Purchase of treasury stock	(318)	(70,772)
Proceeds from disposal of treasury stock	-	49,694
Cash dividends paid	(46,389)	(43,600)
Collateral money received for securities lent	-	(10,000)
Other	(966)	(873)
Net cash provided by (used in) financing activities	52,623	48,751
Effect of exchange rate change on cash and cash equivalents	(2,210)	(829)
Net increase (decrease) in cash and cash equivalents	26,018	3,648
Cash and cash equivalents at beginning of period	16,669	13,020
Increase in cash and cash equivalents resulting from change of scope of consolidation	284	-
Increase in cash and cash equivalents resulting from merger of subsidiaries	7	-
Cash and cash equivalents at end of period	42,979	16,669

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

(6) Material items in preparing consolidated financial statements

1. Items regarding the scope of consolidation

(a) Number of consolidated subsidiaries: 73 companies

Names of major consolidated subsidiaries are as follows:

Sumitomo Metals (Kokura), Ltd., East Asia United Steel Corporation, Sumikin Iron & Steel Corporation, Sumitomo Metals (Naotsu), Ltd., Sumitomo Pipe & Tube Co., Ltd., Sumikin Steel & Shapes, Inc., Sumitomo Metal Logistics Service Co., Ltd., Sumitomo Metal (SMI) Electronics Devices, Inc., Western Tube & Conduit Corporation, Seymour Tubing, Inc., International Crankshaft Inc., Huizhou Sumikin Forging Co., Ltd.

1 company that began operation in the current consolidated fiscal year, and 2 companies from a viewpoint of materiality, are newly listed as consolidated subsidiaries. Meanwhile, 1 company that is no longer a subsidiary is excluded from the list of consolidated subsidiaries.

2. Items regarding application of equity method

(a) Number of non-consolidated subsidiaries to which the equity method is applicable:

1 company

Company name: Kanto Special Steel Works, Ltd.

(b) Number of related affiliates to which the equity method is applicable: 36 companies

Names of major related affiliates are as follows:

SUMCO Corporation, Kashima Kyodo Electric Power Company, Kyoei Steel Ltd., Daiichi Chuo Kisen Kaisha, Sumikin Bussan Corporation, Nippon Steel & Sumikin Coated Sheet Corporation, Sumitomo Precision Products Co., Ltd., Osaka Titanium Technologies Co, Ltd., Nippon Steel & Sumikin Metal Products Co., Ltd., Nippon Steel & Sumikin Stainless Steel Corporation, Chuo Denki Kogyo Co., Ltd., Nippon Steel & Sumikin Welding Co., Ltd., Vallourec & Sumitomo Tubos do Brasil Ltda, VAM USA LLC.

2 companies are newly listed as related companies from a viewpoint of materiality.

With respect to SUMCO Corporation, equity method is applied based on the company's consolidated financial statements.

3. Matters regarding accounting methods adopted in the consolidated financial statements

(Note) This provision is not translated in English. Please refer to our original Japanese document.

(7) Items to be noted as changes in the basis for presenting consolidated financial statements

(Note) This provision is not translated in English. Please refer to our original Japanese document.

(8) Footnotes regarding consolidated financial statements

1. Segment Information

(i) Segment information by business sector

(a) FY2007 (year ended March 31, 2008)

(Million yen)

	Steel	Engineering	Electronics	Other	Total	Corporate or eliminations	Consolidated
Sales to customers	1,622,367	15,394	61,631	45,179	1,744,572	-	1,744,572
Intersegment sales	2,536	-	-	22,602	25,138	(25,138)	-
Total sales	1,624,904	15,394	61,631	67,781	1,769,711	(25,138)	1,744,572
Cost of sales and operating expenses	1,355,866	15,236	61,866	61,967	1,494,936	(24,760)	1,470,176
Operating income (loss)	269,037	158	(234)	5,813	274,774	(377)	274,396
Assets	1,818,095	8,932	151,814	364,011	2,342,854	75,455	2,418,310
Depreciation	96,519	6	4,228	2,865	103,620	-	103,620
Impairment loss on fixed assets	-	-	-	6,438	6,438	-	6,438
Capital expenditures	173,497	10	3,692	3,560	180,760	-	180,760

(b) FY 2008 (year ended March 31, 2009)

(Million yen)

	Steel	Engineering	Electronics	Other	Total	Corporate or eliminations	Consolidated
Sales to customers	1,740,794	11,679	45,350	46,597	1,844,422	-	1,844,422
Intersegment sales	2,500	16	-	20,042	22,559	(22,559)	-
Total sales	1,743,294	11,695	45,350	66,640	1,866,981	(22,559)	1,844,422
Cost of sales and operating expenses	1,512,452	11,925	49,973	66,558	1,640,909	(22,539)	1,618,370
Operating income (loss)	230,841	(229)	(4,622)	82	226,071	(19)	226,052
Assets	1,944,609	6,730	117,734	419,824	2,488,899	(36,364)	2,452,535
Depreciation	103,883	8	3,726	3,278	110,896	-	110,896
Impairment loss on fixed assets	1,196	-	9,947	-	11,144	-	11,144
Capital expenditures	153,930	25	1,760	4,556	160,273	-	160,273

(Remarks) Major products for respective segments

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

(ii) Segment information by location

For FY 2007 (April 1, 2007 - March 31, 2008) and FY 2008 (April 1, 2008 - March 31, 2009) on a cumulative basis, the segment information by location is not stated as sales revenue of domestic entities accounted for more than 90% of our total sales revenue.

(iii) Overseas sales

FY 2007 (April 1, 2007 - March 31, 2008)

	Asia	Other	Total
1 Overseas Sales (Million yen)	517,859	194,531	712,390
2 Consolidated Sales (Million yen)			1,744,572
3 Percentages of Overseas Sales in Consolidated Sales (%)	29.7	11.1	40.8

FY 2008 (April 1, 2008 - March 31, 2009)

	Asia	Other	Total
1 Overseas Sales (Million yen)	574,734	200,185	774,919
2 Consolidated Sales (Million yen)			1,844,422
3 Percentages of Overseas Sales in Consolidated Sales (%)	31.2	10.8	42.0

(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.

2. Information on business performance per share

(Note) This provision is not translated in English. Please refer to our original Japanese document.

5. Non-consolidated Financial Statement

This provision is not translated in English. Please refer to our original Japanese document.

6. Change of officers: These changes were announced on February 26 and on April 23 of this year.

(1) Candidates to become new Directors

Mitsunori Okada

Michiharu Takii

Shinichi Miki

(2) A candidate to become a new Corporate Auditor

Toshiro Mutoh

(3) Directors to retire

Tsutomu Ando

Kouji Morita

Ichiro Miyasaka

(4) A Corporate Auditor to retire

Shogo Takai

7. Other Information

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

(Million tons)

	FY 2007			FY 2008			Total
	1 st quarter	2 nd quarter	1 st half	3 rd quarter	4 th quarter	2 nd half	
FY 2007	3.21	3.40	6.61	3.52	3.49	7.01	13.62
FY 2008	3.50	3.54	7.04	3.36	2.48	5.84	12.87

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

(Value basis %)

	FY 2007			FY 2008			Total
	1 st quarter	2 nd quarter	1 st half	3 rd quarter	4 th quarter	2 nd half	
FY 2007	46	46	46	44	44	44	45
FY 2008	44	44	44	46	48	47	45

(3) Foreign exchange rate

(Yen/US\$)

	FY 2007			FY 2008			Total
	1 st quarter	2 nd quarter	1 st half	3 rd quarter	4 th quarter	2 nd half	
FY 2007	121	118	119	114	105	109	114
FY 2008	105	108	106	96	94	95	101

(4) Consolidated exposure to foreign exchange fluctuations

FY 2008
Excess payment of approx. 0.2 billion US\$ per year

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

(Thousand yen/ton)

	FY 2007			FY 2008			Total
	1 st quarter	2 nd quarter	1 st half	3 rd quarter	4 th quarter	2 nd half	
FY 2007	102.3	108.8	105.6	107.3	104.3	105.8	105.7
FY 2008	110.1	126.9	118.6	130.3	132.7	131.3	124.3

(6) Consolidated segment information

(Billion yen)

	FY 2008	
	Net Sales	Operating income (loss)
Steel	1,740.7	230.8
Engineering	11.6	(0.2)
Electronics	45.3	(4.6)
Other	46.5	0.0

<Sales by internal steel segment companies on consolidated basis>

(Billion yen)

	FY 2008
Steel sheet, plate & structural steel company	700.1
Pipe and tube company	716.9
Railway, automotive & Machinery parts company	105.4
Sumitomo Metals(Kokura)	148.0

(7) Debt (as of the end of the month)

(Billion yen)

	March 2008	March 2009	Forecast March 2010
Consolidated	883.8	990.0	approx. 1,140.0
Non-consolidated	800.4	920.2	approx. 1,040.0

(8) Capital Expenditure and Depreciation (Tangible assets)

(Billion yen)

	FY 2008		Forecast FY 2009	
	Consolidated	Non-consolidated	Consolidated	Non-consolidated
Capital Expenditure	159.1	44.3	approx. 138.0	approx. 55.0
Depreciation	109.8	72.0	approx. 132.0	approx. 71.0

(9) Number of Employees (as of the end of the month)

(Employees)

	March 2008	March 2009
Consolidated	24,926	24,245
Non-consolidated	6,950	7,084

(10) Analysis on consolidated ordinary income

FY 2008 ← FY 2007

(Foreign exchange (TTM) assumption:

101 Yen/US\$ (FY 2008) ← 114 Yen/US\$ (FY 2007)

(Billion yen)

	FY 2008	FY 2007	Increase/(Decrease)
Consolidated ordinary income	225.7	298.2	(72.4)

Positive impact		Negative impact	
Carryover of raw materials costs	57.0	Raw materials price increase	(377.0)
Cost reduction	25.0	Negative impact of production cut	(45.0)
Profit from valuation	16.0	Decrease of equity in earnings of unconsolidated subsidiaries	(20.0)
Absence of replacement of blast furnace	5.0	Inventory devaluation	(20.0)
Improvement in sales prices and mix, etc.	299.1	Fixed costs	(12.5)
Total	402.1	Total	(474.5)
Difference: (72.4)			

(Conclude)